

**HIGHWEALTH CONSTRUCTION  
CORP. AND SUBSIDIARIES**

**Consolidated Financial Statements and  
Independent Auditors' Review Report**

**For the Nine Months Ended September 30, 2024 and 2023**

**Address: 10F, No.267, Lequn 2nd Rd., Zhongshan Dist., Taipei City**  
**TEL: (02)2755-5899**

*Notice to Readers*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

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# Independent Auditors' Review Report

To the Board of Directors of Highwealth Construction Corp.:

## Introduction

We have reviewed the consolidated financial statements of Highwealth Construction Corp. and its subsidiaries, which comprise the consolidated balance sheet as of September 30, 2024 and 2023, the consolidated statement of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, the consolidated statement of changes in equity and cash flows January to September, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

## Scope

We conducted the review in accordance with the "Review of Financial Statements" of the Auditing Standard No. 2410. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Since a review is substantially less in scope than an audit, we might not be fully aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

We did not discover matters which would lead us to believe that the aforementioned consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Highwealth Construction Corp. and its subsidiaries as of September 30, 2024 and 2023, and their consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, and cash flows January to September, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission.

KPMG

CPAs:

Document number of the securities regulatory authority approving the assurance	:	Jin-Guan-Zheng-Shen-Zi No. 1090332798 Jin-Guan-Zheng-Six-Zi No. 0940129108
November 7, 2024		

**September 30, 2024, December 31, 2023, and September 30, 2023**

2024.9.30		2023.12.31		2023.9.30	
Amount	%	Amount	%	Amount	%

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**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the Three Months and Nine Months Ended September 30, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

	July to September, 2024		July to September, 2023		January to September, 2024		January to September, 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 <b>Operating revenue (Notes 6(z) and 7)</b>	\$ 9,498,320	100	20,173,036	100	24,738,026	100	37,001,963	100
5000 <b>Operating cost (Note 6(f))</b>	6,015,605	63	13,215,013	65	16,117,027	65	23,849,648	64
<b>Gross profit from operations</b>	3,482,715	37	6,958,023	35	8,620,999	35	13,152,315	36
<b>Operating expenses:</b>								
6100 Selling expenses (Note 6(n))	499,174	4	791,461	4	1,601,967	6	1,825,765	5
6200 Administrative expenses (Note 7)	306,201	3	361,295	2	969,865	4	1,015,377	3
	805,375	7	1,152,756	6	2,571,832	10	2,841,142	8
<b>Net operating income</b>	2,677,340	30	5,805,267	29	6,049,167	25	10,311,173	28
<b>Non-operating income and expenses:</b>								
7100 Interest income (Note 6(bb))	15,437	-	7,589	-	114,144	-	86,907	-
7010 Other income (Notes 6(bb) and 7)	27,887	-	36,583	-	319,535	1	110,237	-
7020 Other gains and losses (Note 6(bb))	92,787	1	( 178,491 )	( 1 )	381,455	2	( 181,543 )	-
7050 Finance costs (Note 6(bb))	( 199,126 )	( 2 )	( 415,165 )	( 2 )	( 521,868 )	( 2 )	( 979,505 )	( 3 )
Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(g))	2,513	-	1,244	-	12,941	-	4,626	-
<b>Total non-operating income and expenses</b>	( 60,502 )	( 1 )	( 548,240 )	( 3 )	306,207	1	( 959,278 )	( 3 )
<b>Profit from continuing operations before tax</b>	2,616,838	29	5,257,027	26	6,355,374	26	9,351,895	25
7950 <b>Less: Income tax expenses (Note 6(w))</b>	451,204	5	902,014	4	1,206,170	5	1,618,644	4
<b>Net income</b>	2,165,634	24	4,355,013	22	5,149,204	21	7,733,251	21
8300 <b>Other comprehensive income:</b>								
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>								
8360 Exchange differences on translation of foreign financial statements	-	-	96	-	65	-	9	-
Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8399 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>	-	-	96	-	65	-	9	-
8300 <b>Other comprehensive income</b>	-	-	96	-	65	-	9	-
<b>Total comprehensive income</b>	<u>\$ 2,165,634</u>	<u>24</u>	<u>4,355,109</u>	<u>22</u>	<u>5,149,269</u>	<u>21</u>	<u>7,733,260</u>	<u>21</u>
<b>Net profit attributable to:</b>								
8610 Owners of parent company	\$ 1,789,765	20	893,091	5	3,053,273	13	2,460,831	7
8620 Non-controlling interests	375,869	4	3,461,922	17	2,095,931	8	5,272,420	14
	<u>\$ 2,165,634</u>	<u>24</u>	<u>4,355,013</u>	<u>22</u>	<u>5,149,204</u>	<u>21</u>	<u>7,733,251</u>	<u>21</u>
<b>Comprehensive income attributable to:</b>								
8710 Owners of parent company	\$ 1,789,765	19	893,187	5	3,053,338	12	2,460,840	7
8720 Non-controlling interests	375,869	5	3,461,922	17	2,095,931	9	5,272,420	14
	<u>\$ 2,165,634</u>	<u>24</u>	<u>4,355,109</u>	<u>22</u>	<u>5,149,269</u>	<u>21</u>	<u>7,733,260</u>	<u>21</u>
<b>Earnings per share (NT\$) (Note 6(y))</b>								
9750 <b>Basic earnings per share (Unit: NT\$)</b>	<u>\$ 0.89</u>		<u>0.44</u>		<u>1.52</u>		<u>1.22</u>	
9850 <b>Diluted earnings per share (Unit: NT\$)</b>	<u>\$ 0.89</u>		<u>0.44</u>		<u>1.52</u>		<u>1.22</u>	

(See the attached notes to consolidated financial statements)

Chairman: Tsao, Yuan-Bo

President: Fan, Hua-Chun

Accounting Manager: Li, Hsiu-Tai

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the Nine Months Ended September 30, 2024 and 2023**

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest				
	Share capital			Retained earnings			Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Stock dividends pending distribution	Capital surplus	Legal reserve	Unappropriated retained earnings	Total					
Balance on January 1, 2023	\$ 17,146,741	-	8,408,194	8,363,751	11,642,373	20,006,124	268	( 977,220)	44,584,107	4,464,646	49,048,753
Net income	-	-	-	-	2,460,831	2,460,831	-	-	2,460,831	5,272,420	7,733,251
Other comprehensive income	-	-	-	-	-	-	9	-	9	-	9
Total comprehensive income	-	-	-	-	2,460,831	2,460,831	9	-	2,460,840	5,272,420	7,733,260
Earnings allocation and distribution:											
Provision for legal reserve	-	-	-	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)	-	-	-	-	6,287	5,185	-	5,185
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	( 96,563)	( 96,563)
Balance on September 30, 2023	\$ 17,146,741	1,694,674	8,836,578	8,773,652	11,112,277	19,885,929	277	( 970,933)	46,593,266	9,640,503	56,233,769
Balance on January 1, 2024	\$ 18,841,415	-	8,836,578	8,773,652	11,094,585	19,868,237	214	( 971,876)	46,574,568	10,760,793	57,335,361
Net income	-	-	-	-	3,053,273	3,053,273	-	-	3,053,273	2,095,931	5,149,204
Other comprehensive income	-	-	-	-	-	-	65	-	65	-	65
Total comprehensive income	-	-	-	-	3,053,273	3,053,273	65	-	3,053,338	2,095,931	5,149,269
Earnings allocation and distribution:											
Provision for legal reserve	-	-	-	240,412	( 240,412)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	( 932,071)	( 932,071)	-	-	( 932,071)	-	( 932,071)
Stock dividends of ordinary share	-	1,864,142	-	-	( 1,864,142)	( 1,864,142)	-	-	-	-	-
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	10,996	-	-	-	-	-	10,996	-	10,996
Disposal of subsidiary	-	-	-	-	-	-	( 279)	-	( 279)	-	( 279)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	418,093	-	-	-	-	-	418,093	-	418,093
Changes in ownership interests in subsidiaries	-	-	211	-	-	-	-	5,314	5,525	-	5,525
Overdue uncollected cash dividends	-	-	1,291	-	-	-	-	-	1,291	-	1,291
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	( 950,989)	( 950,989)
Balance on September 30, 2024	\$ 18,841,415	1,864,142	9,267,169	9,014,064	11,111,233	20,125,297	-	( 966,562)	49,131,461	11,905,735	61,037,196

(See the attached notes to consolidated financial statements)

Chairman: Tsao, Yuan-Bo

President: Fan, Hua-Chun

Accounting Manager: Li, Hsiu-Tai

# HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	January to September, 2024	January to September, 2023
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 6,355,374	9,351,895
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	178,965	175,236
Amortization	69,733	14,845
Expected credit impairment	487	337
Net gain on financial assets or liabilities at fair value		
through profit or loss	( 274,499 )	( 30,197 )
Interest expenses	521,868	979,505
Interest income	( 114,144 )	( 86,907 )
Dividend income	-	( 9,961 )
Share of profit of associates and joint ventures accounted		
for using equity method	( 12,941 )	( 4,626 )
Loss (gain) on disposal of property, plant and equipment	30	( 727 )
Gain on disposal of investment properties	( 128,914 )	( 77,282 )
Gain on lease modifications	( 15 )	( 1 )
Gain on disposal of investments	( 300 )	-
Other income	( 226,087 )	-
Total adjustments to reconcile profit (loss)	14,183	960,222
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease in contract assets	27,363	29,033
Decrease (increase) in notes receivable	618,483	( 69,676 )
Increase in accounts receivable	( 346,452 )	( 2,257,675 )
(Increase) decrease in inventories	( 5,178,679 )	6,931,002
(Increase) Decrease in prepayments	( 456,495 )	133,308
Increase in other current and non-current assets	( 471,793 )	( 27,493 )
Increase in other financial assets (including		
non-current)	( 2,347,559 )	( 1,074,194 )
(Increase) decrease in incremental costs to obtain		
contract with customers	( 1,770,285 )	33,774
Total net changes in operating assets	( 9,925,417 )	3,698,079
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	6,619,301	( 671,716 )
Increase in notes payable	3,953	13,670
Decrease in accounts payable	( 2,345,282 )	( 1,352,263 )
(Decrease) increase in other payables	( 1,502,103 )	161,926
Increase in provisions	43,028	12,606
Increase (decrease) in other financial liabilities	2,671	( 16 )
Increase in other current liabilities	135,793	28,013
Decrease in net defined benefit liability	( 555 )	( 300 )
Total net changes in operating liabilities	2,956,806	( 1,808,080 )
Total net changes in operating assets and liabilities	( 6,968,611 )	1,889,999
Total adjustments	( 6,954,428 )	2,850,221
Cash inflow generated from (used in) operations	( 599,054 )	12,202,116
Income taxes paid	( 2,099,638 )	( 1,176,235 )
<b>Net cash flows from (used in) operating activities</b>	( 2,698,692 )	11,025,881

# HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows (continued)

**For the Nine Months Ended September 30, 2024 and 2023**

(Expressed in Thousands of New Taiwan Dollars)

	<u>January to September, 2024</u>	<u>January to September, 2023</u>
Disposal of financial assets at fair value through profit or loss	602,394	-
Acquisition of property, plant and equipment	( 1,846,446)	( 873,375)
Proceeds from disposal of property, plant and equipment	6	1,144
Acquisition of intangible assets	( 32,912)	( 16,465)
Cash inflow from merger	9,000	-
Proceeds from disposal of investment properties	396,578	119,683
Increase in other non-current assets	( 100,633)	( 1,146)
Interest received	110,178	87,478
Dividends received	-	9,961
<b>Net cash flows used in investing activities</b>	<u>( 861,835)</u>	<u>( 672,720)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	25,322,430	17,075,660
Decrease in short-term borrowings	( 18,697,634)	( 22,650,017)
Increase in short-term notes and bills payable	3,030,200	621,304
Proceeds from issuing bonds	5,600,000	-
Repayments of bonds	( 6,000,000)	( 2,500,000)
Proceeds from long-term borrowings	6,000	2,240,000
Repayments of long-term borrowings	( 1,798,631)	( 122,224)
Payment of lease liabilities	( 95,510)	( 81,869)
Increase in other financial assets (including non-current)	87,519	( 1,510,242)
Interest paid	( 2,628,443)	( 2,624,408)
Changes in non-controlling interests	604,783	508,351
<b>Net cash flows generated from (used in) financing activities</b>	<u>5,430,714</u>	<u>( 9,043,445)</u>
Effect of exchange rate changes on cash and cash equivalents	86	4
Increase in cash and cash equivalents	1,870,273	1,309,720
Cash and cash equivalents at beginning of the year	14,702,019	14,158,954
Cash and cash equivalents at end of the year	<u><u>\$ 16,572,292</u></u>	<u><u>15,468,674</u></u>

(See the attached notes to consolidated financial statements)

**Chairman: Tsao, Yuan-Bo      President: Fan, Hua-Chun      Accounting Manager: Li, Hsiu-Tai**

# **HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

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

**For the Nine Months Ended September 30, 2024 and 2023**

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

### **(I) Company history**

Highwealth Construction Corp. (the "Company") was incorporated on January 23, 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 Company and its subsidiaries (together referred to as 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.

### **(II) Approval date and procedures of the consolidated financial statements**

The consolidated financial statements were authorized for issuance by the Board of Directors on November 7, 2024.

### **(III) New standards, amendments and interpretations adopted**

1. 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 adopted below newly amended IFRSs and the Accounting Standards which does not have a material impact on the consolidated financial statements since January 1, 2024.

- 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"
- Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"

2. Impact of not adopting the International Financial Reporting Standards (IFRSs) endorsed by the Financial Supervisory Commission

Based on the Group's own evaluation, adopting the newly revised international financial reporting standards listed below that take effect from January 1, 2025 onwards does not have material impact on the consolidated financial statements.

- Amendments to IAS 21 "Lack of Exchangeability"

3. The impact of IFRS issued by IASB but not yet endorsed by the FSC

The standards and interpretations released and amended by the International Accounting Standards Board (hereinafter referred to as "IASB") but not yet endorsed by FSC with potential impact to the Group are as follows:

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

<b>New or amended standards</b>	<b>Major amendments</b>	<b>Effective Date Issued by IASB</b>
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expense, two subtotals of income statement and one single note on management's performance measurement. These three guidelines amend and enhance how information is segmented in financial statements as well as provide users with a foundation for better and more consistent information and will impact all companies.	January 1, 2027
IFRS 18 "Presentation and Disclosure in Financial Statements"	<ul style="list-style-type: none"> <li>Income statements with more structuration: Companies use different formats to express their operating results under current standards, making it difficult for investors to compare financial performance across companies. The new standard adopts a more structured income statement and introduces a new definition of the "operating income" subtotal. In addition, it stipulates that all income and expenses shall be classified into three new different categories based on the Company's main business activities.</li> <li>Management Performance Measurement (MPM): The new standard introduces the definition of management performance measurement. Also, it requires the company to provide useful information, i.e. how to calculate and reconcile the measures to the amounts recognized in accordance with IFRS accounting standards, to explain why each measure is included in a single note to the financial statements.</li> <li>More disaggregated information: The new standard includes guidance on how companies can enhance the grouping of information in their financial statements. It includes guidance on whether information should be included in the main financial statements or further broken down in the notes.</li> </ul>	January 1, 2027

## **Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

The Group is in the process of evaluating the impact on its financial position and performance by adopting the standards and interpretations mentioned above, and will disclose relevant impacts when the evaluation is completed.

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"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- IFRS improvements for the year

### **(IV) Summary of material accounting policies**

#### **1. Statement of compliance**

The consolidated financial statements have been prepared in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the "Preparation Regulations") and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. These consolidated financial statements does not include all necessary information that should be disclosed in the entire annual consolidated financial report prepared in accordance with 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").

Except for the following descriptions, the consolidated financial statements adopt the same accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2023 for details.

## Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

### 2. Basis of consolidation

#### 1) Subsidiaries included in the consolidated financial statements

List of subsidiaries in the consolidated financial statements:

Name of investor	Subsidiary	Principal activity	Shareholding			Description
			2024.9.30	2023.12.31	2023.9.30	
The Company	Chyi Yuh Construction Co., Ltd. (Chyi Yuh)	Construction, residential and building development, rental and sales etc.	100.00%	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Ju Feng Hotel Management Consultant Co., Ltd. (Ju Feng)	Real estate brokerage, residential and building development, rental and sales etc.	100.00%	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Highwealth Property Management Co., Ltd. (Highwealth Property)	Real estate brokerage, real estate trading	100.00%	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	XINGFUYU TRADING (XIAMEN) CO., LTD. (Xingfuyu Trading)	Construction material wholesale	- % (Note 2)	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	QUANXIANG TRADING (SHANGHAI) CO., LTD. (Quanxiang Trading)	Construction material wholesale	- % (Note 3)	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Run Long Construction Co., Ltd (Run Long)	Residential and building development, rental and sales	5.25%	5.25%	5.25%	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. (Bo-Yuan)	Residential and building development, rental and sales and department stores, etc.	100.00%	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	YEH KEE ENTERPRISE CO., LTD. (Yeh Kee)	Residential and building development, rental and sales etc.	100.00%	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Bi Jiang Enterprise Co., Ltd. (Bi Jiang)	Residential and building development, rental and sales etc.	100.00%	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Shing Fu Fa CONSTRUCTION CO., LTD. (SFF Construction)	Construction, residential and building development, rental and sales etc.	100.00%	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly

## Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

Name of investor	Subsidiary	Principal activity	Shareholding			Description
			2024.9.30	2023.12.31	2023.9.30	
The Company	WELL RICH INTERNATIONAL CO., LTD. (Well Rich)	Wholesale of construction material and motels etc.	100.00%	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Heng Yue Construction Co., Ltd. (Heng Yue)	Construction, residential and building development, rental and sales etc.	100.00% (Note 4)	- %	- %	The Company hold more than 50% interest of the subsidiary directly
Chyi Yuh Construction Co., Ltd.	GUANGYANG INVESTMENT CONSTRUCTION CO., LTD. (Guangyang)	Investment industry	100.00%	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	4.02% (Note 1)	4.62% (Note 1)	4.62% (Note 1)	CHYI YUH doesn't hold more than 50% of interest directly and indirectly but have substantial controlling power and considered as subsidiary
Chyi Yuh Construction Co., Ltd.	Heng Yuan Co., Ltd. (Heng Yuan)	Construction material wholesale	55.00% (Note 5)	- %	- %	CHYI YUH hold more than 50% interest of the subsidiary directly
GUANGYANG INVESTMENT CONSTRUCTION CO., LTD.	Run Long Construction Co., Ltd.	Residential and building development, rental and sales	5.81% (Note 1)	6.37% (Note 1)	6.37% (Note 1)	Guang Yang doesn't hold more than 50% of interest directly and indirectly but have substantial controlling power and considered as subsidiary
Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd. (Jin Jyun)	Construction 、 residential and building development, rental and sales etc.	100.00%	100.00%	100.00%	Run Long hold more than 50% interest of the subsidiary directly

Note 1: The Group's shareholdings changed because the Group disposed of shareholdings in Run Long.

Note 2: Xingfuyu Trading has been deregistered with the approval of the Supervision and Administration Bureau on March 21, 2024.

Note 3: Quanxiang Trading has been deregistered with the approval of the Supervision and Administration Bureau on June 24, 2024.

Note 4: The Group completed payment for the acquisition of Heng Yue shares on May 2, 2024.

Note 5: The Group founded Heng Yuan by contributing a 55% equity interest in cash. Approval for the incorporation was granted on September 10, 2024.

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

### 3. Current and non-current distinction

Assets that meet one of the following criteria are classified as current assets by the Group; otherwise, they are classified as non-current assets:

- 1) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- 2) The Group holds the asset primarily for the purpose of trading;

## **Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

- 3) The assets that are realized within twelve months after the reporting period; or
- 4) The asset is cash or cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities by the Group; otherwise, they are classified as non-current liabilities:

- 1) The Group expects to settle the liability in its normal operating cycle;
- 2) The Group holds the liability primarily for the purpose of trading;
- 3) The liability is due to be settled within twelve months after the reporting period; or
- 4) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

### **4. Income tax**

The Group measured and disclosed income tax expenses of the interim period pursuant to Paragraph B12, IAS 34 "Interim Financial Reporting."

Income tax expenses were accrued by applying management's best estimate of tax rate applicable based on estimated average total annual earnings to the pre-tax income of the interim period.

Income tax expenses recognized directly in equity or other comprehensive income were measured using the applicable tax rates at the time of expected realization or settlement of the temporary differences between the carrying amount of related assets and liabilities for financial reporting purposes and their tax bases.

### **5. Employee benefits**

The pension cost rate for defined benefit plans during the interim period is determined by actuarial calculations based on the reporting date of the previous year. It is calculated based on the beginning of the year to the end of the current period. In addition, it is adjusted to account for major market fluctuations in the future, as well as major downsizing, liquidation or other major one-time events.

## **(V) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

When preparing the consolidated financial statements according to Preparation Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC, the management has to make judgments, estimates and assumptions, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes and expenses. There may be differences between actual results and estimates.

When preparing the consolidated financial statements, significant accounting judgments,

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
Subsidiaries (continued)**

estimates and key sources of uncertainty made by the management for the adoption of the Group's accounting policies are consistent with Note 5 of the consolidated financial statements for the year ended December 31, 2023.

**(VI) Explanation of significant accounts**

Except for the following descriptions, the details of significant accounts in the consolidated financial statements are not materially different from the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2023 for relevant information.

1. Cash and cash equivalents

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Cash on hand and working capital	\$ 5,759	9,295	6,843
Demand and check deposits	16,218,306	14,632,724	15,461,831
Time Deposits	348,227	60,000	-
Cash and cash equivalents	<u>\$ 16,572,292</u>	<u>14,702,019</u>	<u>15,468,674</u>

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

2. Financial assets at fair value through profit or loss-current

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Mandatorily measured at fair value through profit or loss:			
Stocks listed on domestic markets	<u>\$ -</u>	<u>327,895</u>	<u>295,434</u>

- 1) For the net gain or loss on fair value on financial instruments at FVTPL, please refer to Note 6(bb).
- 2) Disposal of the above financial assets at fair value through profit or loss totaled \$602,394 thousand and \$0 January to September, 2024 and 2023, respectively.
- 3) For credit risk and market risk, please refer to Note 6(cc).
- 4) Please refer to Note 8 for the financial assets that had been pledged as collateral for bank borrowings as of September 30, 2024, December 31, 2023, and September 30, 2023.

3. Financial assets at fair value through other comprehensive income

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Equity investments at fair value through other comprehensive income:			
Stocks in unlisted company	<u>\$ 5,000</u>	<u>5,000</u>	<u>5,000</u>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

- 1) 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.

- 2) For credit risk and market risk, please refer to Note 6(cc).

- 3) As of September 30, 2024, December 31, 2023, and September 30, 2023, none of the financial assets at fair value through other comprehensive income of the Group was pledged as collateral for bank borrowings.

4. Financial assets measured at amortized cost

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Bonds payable	<u>\$ 30,000</u>	<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.

- 1) For credit risk; please refer to Note 6(cc).

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

5. Note and account receivables

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Note receivables	\$ 1,400,906	2,019,389	2,305,322
Accounts receivables	499,724	153,272	3,474,344
Less: Loss allowance	( 6,829)	( 6,342)	( 8,016)
	<u>\$ 1,893,801</u>	<u>2,166,319</u>	<u>5,771,650</u>

- 1) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes and accounts measured at amortized cost. To measure the expected credit losses, the notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

- 2) The analysis in the allowance for notes and accounts receivable was as follows:

<b>2024.9.30</b>			
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance Provision</b>
Current	\$ 1,893,802	-	
More than 365 days past due	6,828	100%	6,828
	<b>\$ 1,900,630</b>		<b>6,829</b>
<b>2023.12.31</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>2023.9.30</b>			
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance Provision</b>
Current	\$ 5,771,653	-	3
More than 365 days past due	8,013	100%	8,013
	<b>\$ 5,779,666</b>		<b>8,016</b>

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

	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Opening balance	\$ 6,342	7,679
Expected credit losses recognized	487	337
Ending balance	<b>\$ 6,829</b>	<b>8,016</b>

- 4) As of September 30, 2024, December 31, 2023, and September 30, 2023, note receivable had been pledged as collateral; please refer to Note 8.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

6. Inventory

	<b>2024.9.30</b>	<b>2023.12.31</b>	<b>2023.9.30</b>
Raw materials and consumables	\$ 419	444	488
Finished goods	1,555	1,993	1,934
Subtotal	1,974	2,437	2,422
Properties and land held for sale	16,037,062	9,317,359	9,939,692
Land held for construction sites	5,196,868	12,359,414	12,268,456
Construction in progress	150,782,453	143,822,734	140,452,536
Prepayments for land	643,031	-	-
Subtotal	172,659,414	165,499,507	162,660,684
Total	<b>\$ 172,661,388</b>	<b>165,501,944</b>	<b>162,663,106</b>

- 1) For the three months and nine months ended September 30, 2024 and 2023, the amounts of inventory cost recognized as cost of goods sold and expenses totaled \$5,923,590 thousand, \$13,186,880 thousand, \$15,787,561 thousand, and \$23,680,527 thousand, respectively. From January 1 to September 30, 2024 and 2023, there was no loss on inventory write-down and inventory write-down reversal recognized.
- 2) From January 1 to September 30, 2024 and 2023, the Group classified properties pending sale and construction land that met the definition of investment property into investment property due to changes in the purpose of certain assets, please refer to Note 6(m).
- 3) From January 1 to September 30, 2024 and 2023, construction in progress of the Group was calculated using capitalization rates of 2.40%-2.71% and 2.34%-2.71%, respectively. For the amount of capitalized interest, please refer to Note 6(bb).
- 4) As of September 30, 2024, December 31, 2023, and September 30, 2023, the inventories of the Group had been pledged as collateral for bank borrowings, please refer to Note 8.

7. Investments accounted for using equity method

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

	<b>2024.9.30</b>	<b>2023.12.31</b>	<b>2023.9.30</b>
Joint ventures	<b>\$ 126,975</b>	<b>114,034</b>	<b>113,753</b>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Carrying amount of individually insignificant associates' equity	\$ <u>126,975</u>	<u>114,034</u>	<u>113,753</u>

	<u>July to September, 2024</u>	<u>July to September, 2023</u>	<u>January to September, 2024</u>	<u>January to September, 2023</u>
Attributable to the Group:				
Profit (loss) from continuing operations	\$ 2,513	1,244	12,941	4,626
Comprehensive income	\$ <u>2,513</u>	<u>1,244</u>	<u>12,941</u>	<u>4,626</u>

8. Acquisition of subsidiary

The Group founded Heng Yuan by contributing a 55% equity interest (\$11,000 thousand) in cash. Approval for the incorporation was granted on September 10, 2024.

On February 22, 2024, the board of directors passed a resolution to acquire 100% equity stake in "Da De Construction Co., Ltd." (subsequently renamed Heng Yue Construction Co., Ltd.) in cash; payment of proceeds and transfer of share ownership were completed on May 2 the same year.

The main types of transfer consideration and amounts of assets acquired, liabilities assumed, and goodwill recognized on the date of acquisition are explained below:

- 1) The fair values of key transfer considerations on the date of acquisition are explained below:

Main types of transfer consideration:

Cash dividends	\$ <u>22,928</u>
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- 2) Goodwill

Goodwill recognized through acquisition:

Consideration	\$ 38,028
Less: Fair value of net identifiable assets	( <u>22,928</u> )
Goodwill	\$ <u>15,100</u>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

9. Changes in a parent's ownership interest in a subsidiary

- 1) From January 1 to September 30, 2024 and 2023, the Group disposed of 5,221 thousand and 6,914 thousand shares of Run Long for a sum of \$604,783 thousand and \$556,931 thousand, respectively. In the nine months ended September 30, 2023, the Group injected additional cash capital to acquire 651 thousand shares of Run Long for a sum of \$48,580 thousand.
- 2) The effects on total equity attributable to owners of parent company from acquisition and disposal of subsidiaries were as follows:

	<u>January to September, 2024</u>	<u>January to September, 2023</u>
Carrying amount of non-controlling interest on acquisition	\$ -	9,565
Consideration paid to non-controlling interests	-	(48,580)
Retained earnings	<u>\$ -</u>	<u>(39,015)</u>
Book value of equity of the disposed subsidiary	\$ (186,690)	(137,515)
Consideration received by non-controlling shareholders	<u>604,783</u>	<u>556,931</u>
Capital surplus - Difference between equity price and carrying amount of subsidiaries acquired or disposed of	<u>\$ 418,093</u>	<u>419,416</u>

10. Material non-controlling interests of subsidiaries

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

<u>Subsidiary</u>	<u>Main operation place / Company registration country</u>	<u>Percentage of equity and voting rights for non-controlling interests</u>		
		<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Run Long Construction Co., Ltd	Taiwan	84.92%	83.76%	83.76%

- 2) 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 this 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:

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
Subsidiaries (continued)**

	<u><b>2024.9.30</b></u>	<u><b>2023.12.31</b></u>	<u><b>2023.9.30</b></u>
Current asset	\$ 45,194,165	40,001,737	43,728,712
Non-Current asset	4,270,789	2,537,023	3,100,910
Current Liability	( 26,398,030)	( 24,715,390)	( 28,454,336)
Non-current Liability	( 8,250,820)	( 4,312,747)	( 6,219,259)
Net assets	<u><b>\$ 14,816,104</b></u>	<u><b>13,510,623</b></u>	<u><b>12,156,027</b></u>
Non-controlling interests	<u><b>\$ 11,896,735</b></u>	<u><b>10,760,793</b></u>	<u><b>9,640,503</b></u>
	<u><b>July to September, 2024</b></u>	<u><b>July to September, 2023</b></u>	<u><b>January to September, 2024</b></u>
Operating revenue	<u><b>\$ 1,980,414</b></u>	<u><b>16,942,498</b></u>	<u><b>8,591,185</b></u>
Net income	\$ 443,225	4,148,162	2,505,014
Other comprehensive income	( 39,972)	10,774	152,662
Comprehensive income	<u><b>\$ 403,253</b></u>	<u><b>4,158,936</b></u>	<u><b>2,657,676</b></u>
Net profit, attributable to non-controlling interests	<u><b>\$ 375,869</b></u>	<u><b>3,461,922</b></u>	<u><b>2,095,931</b></u>
Comprehensive income, attributable to non-controlling interests	<u><b>\$ 375,869</b></u>	<u><b>3,461,922</b></u>	<u><b>2,095,931</b></u>
			<u><b>January to September, 2024</b></u>
Cash flows from operating activities			<u><b>\$ (3,478,192)</b></u>
Cash flows from investing activities			<u><b>206,654</b></u>
Cash flows from financing activities			<u><b>5,952,138</b></u>
Net cash flows			<u><b>\$ 2,680,600</b></u>
			<u><b>January to September, 2023</b></u>
			<u><b>11,455,310</b></u>
			<u><b>12,660</b></u>
			<u><b>( 10,064,274)</b></u>
			<u><b>1,403,696</b></u>

# Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

## 11. Property, plant and equipment

- 1) The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Land	Buildings and construction	Machinery and equipment	Transportation/office/other equipment and leasehold improvements	Construction in progress	Total
Cost or deemed cost:						
Balance on January 1, 2024	\$ 2,140,332	1,022,762	6,175	387,064	4,256,175	7,812,508
Additions	-	-	-	31,734	1,904,535	1,936,269
Disposals	-	-	-	( 4,693)	-	( 4,693)
Reclassifications	( 142)	3,196,594	-	12,575	( 3,230,216)	( 21,189)
Balance on September 30, 2024	<u>\$ 2,140,190</u>	<u>4,219,356</u>	<u>6,175</u>	<u>426,680</u>	<u>2,930,494</u>	<u>9,722,895</u>
Balance on January 1, 2023	\$ 2,140,332	1,018,901	5,333	294,780	2,794,137	6,253,483
Additions	-	-	-	94,415	872,340	966,755
Disposals	-	-	-	( 1,694)	-	( 1,694)
Effect of changes in foreign exchange rates	-	-	-	( 1)	-	( 1)
Balance on September 30, 2023	<u>\$ 2,140,332</u>	<u>1,018,901</u>	<u>5,333</u>	<u>387,500</u>	<u>3,666,477</u>	<u>7,218,543</u>
Depreciation and Impairment losses:						
Balance on January 1, 2024	\$ 5,703	170,093	5,750	237,264	-	418,810
Depreciation	143	34,956	106	42,913	-	78,118
Disposals	-	-	-	( 4,657)	-	( 4,657)
Reclassifications	-	( 8,137)	-	8,137	-	-
Balance on September 30, 2024	<u>\$ 5,846</u>	<u>196,912</u>	<u>5,856</u>	<u>283,657</u>	<u>-</u>	<u>492,271</u>
Balance on January 1, 2023	\$ 5,561	155,138	4,661	177,795	-	343,155
Depreciation	142	6,299	247	69,783	-	76,471
Disposals	-	-	-	( 1,277)	-	( 1,277)
Effect of changes in foreign exchange rates	-	-	-	1	-	1
Balance on September 30, 2023	<u>\$ 5,703</u>	<u>161,437</u>	<u>4,908</u>	<u>246,302</u>	<u>-</u>	<u>418,350</u>
Carrying amounts:						
January 1, 2024	<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>
September 30, 2024	<u>\$ 2,134,344</u>	<u>4,022,444</u>	<u>319</u>	<u>143,023</u>	<u>2,930,494</u>	<u>9,230,624</u>
January 1, 2023	<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>
September 30, 2023	<u>\$ 2,134,629</u>	<u>857,464</u>	<u>425</u>	<u>141,198</u>	<u>3,666,477</u>	<u>6,800,193</u>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

- 2) Construction of houses and buildings in progress are mainly hotel construction projects. From January 1 to September 30, 2024 and 2023, the amounts of interest capitalized were calculated based on interest rates of 2.54%~2.71% and 2.34%~2.71%, respectively.
- 3) As of September 30, 2024, December 31, 2023, and September 30, 2023, the above-mentioned property, plants and equipment of the Group have been placed as collaterals for long-term borrowings, corporate bonds payable, and financing facilities. Please refer to Note 8 for details.

12. Right-of-use assets

- 1) 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 and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Carrying amounts:				
January 1, 2024	\$ 26,916	118,550	-	145,466
September 30, 2024	\$ 10,224	106,339	3,603	120,166
January 1, 2023	\$ 10,574	158,233	-	168,807
September 30, 2023	\$ 10,034	122,548	-	132,582

- 2) For the nine months ended September 30, 2024 and 2023, there was no significant addition, impairment, provision, or reversal in the right-of-use assets recognized from leasing of land, buildings, and transportation equipment. For other relevant information, please refer to Note 6(k) of the 2023 consolidated financial statements.

13. Investment Property

- 1) The details of the Group's investment properties are as follows:

	<u>Self-owned property</u>		<u>Right-of-use assets</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings and construction</u>		
Carrying amounts:				
January 1, 2024	\$ 3,085,277	2,469,055	-	5,554,332
September 30, 2024	\$ 2,990,296	2,335,216	4,118	5,329,630
January 1, 2023	\$ 2,971,706	2,465,110	55	5,436,871
September 30, 2023	\$ 2,984,506	2,423,796	56	5,408,358

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

- 2) Investment properties include several commercial properties leased to others and right-of-use assets representing leasehold rights. For other relevant information, please refer to Note 6(u).
- 3) There was no significant addition, disposal, impairment, or impairment reversal of the Group's investment property for the nine months ended September 30, 2024 and 2023. Please refer to note 12(a) for depreciation in the current period, and note 6(l) of the 2023 consolidated financial statements for other relevant information.
- 4) There is no significant difference between the fair value of the Group's investment properties and the information disclosed in Note 6(l) of the 2023 consolidated financial statements.
- 5) As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group's investment property had been pledged as collateral for bank borrowings, please refer to Note 8.

14. Other financial assets and current incremental cost of obtaining a contract

	<b>2024.9.30</b>	<b>2023.12.31</b>	<b>2023.9.30</b>
Other financial assets — current	\$ 19,622,850	20,508,024	16,951,173
Incremental costs to obtain contract with customers	5,798,558	4,039,075	3,737,754
Other financial assets — non-current	7,073,631	4,149,448	7,396,938
	<b><u>\$ 32,495,039</u></b>	<b><u>28,696,547</u></b>	<b><u>28,085,865</u></b>

- 1) Other financial assets — current and non-current

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

- 2) Incremental costs to obtain contract with customers

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. From January 1 to September 30, 2024 and 2023, the Group recognized \$869,048 thousand and \$1,415,681 thousand as selling expense, respectively.

- 3) Guarantee

As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group had pledged other financial assets (current and non-current) as collateral for bank borrowings, please refer to Note 8.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

15. Short-term borrowings

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Unsecured bank loans	\$ 9,274,300	6,840,633	7,897,133
Secured bank loans	96,055,538	91,864,409	96,885,880
Less: Syndicated loan expense	( 27,934)	( 20,344)	( 22,274)
Total	<u>\$ 105,301,904</u>	<u>98,684,698</u>	<u>104,760,739</u>
Range of interest rates	<u>2.04%~3.1877%</u>	<u>1.915%~3.165%</u>	<u>1.92%~3.27%</u>

1) The issue of bank loan and repayment

From January 1 to September 30, 2024 and 2023, the Group had raised \$25,322,430 thousand and \$17,075,660 thousand of new loans and repaid \$18,697,634 thousand and \$22,650,017 thousand of loans, respectively. Please refer to Note 6(bb) for details on interest expenses.

2) Collateral for bank loans

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

16. Short-term notes and bills payable

<u>2024.9.30</u>			
	<u>Guarantee or acceptance institute</u>	<u>Range of interest rates</u>	<u>Amount</u>
Commercial paper payable	Financial institute	1.658%~3.038%	\$ 11,320,700
Less: Discount on short-term notes and bills payable			( 25,528)
Total			<u>\$ 11,295,172</u>
<u>2023.12.31</u>			
	<u>Guarantee or acceptance institute</u>	<u>Range of interest rates</u>	<u>Amount</u>
Commercial paper payable	Financial institute	1.498%~2.838%	\$ 8,290,500
Less: Discount on short-term notes and bills payable			( 22,692)
Total			<u>\$ 8,267,808</u>
<u>2023.9.30</u>			
	<u>Guarantee or acceptance institute</u>	<u>Range of interest rates</u>	<u>Amount</u>
Commercial paper payable	Financial institute	1.44%~3.10%	\$ 8,210,900
Less: Discount on short-term notes and bills payable			( 27,989)
Total			<u>\$ 8,182,911</u>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

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

17. Long-term borrowings

The Group's long-term borrowings details were as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Unsecured bank loans	\$ 150,000	250,000	250,000
Secured bank loans	4,585,416	6,278,047	6,302,202
Less: Portion due within one year	( 804,922)	( 2,846,057)	( 2,466,567)
Total	<u>\$ 3,930,494</u>	<u>3,681,990</u>	<u>4,085,635</u>
Range of interest rates	<u>2.42%~2.99%</u>	<u>2.29%~2.82%</u>	<u>2.29%~2.82%</u>

1) The issue of borrowings and repayment

From January 1 to September 30, 2024 and 2023, the Group had raised \$6,000 thousand and \$2,240,000 thousand of new borrowings and repaid \$1,798,631 thousand and \$122,224 thousand of borrowings, respectively. Please refer to Note 6(bb) for details on interest expenses.

2) Collateral for bank loans

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

18. Bonds payable /current portion of reverse bonds

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Total ordinary corporate bonds issued	\$ 21,950,000	22,350,000	23,900,000
Unamortized discounted corporate bonds payable	( 96,011)	( 103,797)	( 92,540)
Corporate bonds issued balance at year-end	<u>\$ 21,853,989</u>	<u>22,246,203</u>	<u>23,807,460</u>
Secured ordinary corporate bonds-current	\$ 1,894,552	7,870,725	5,982,244
Secured ordinary corporate bonds- non-current	19,959,437	14,375,478	17,825,216
Total	<u>\$ 21,853,989</u>	<u>22,246,203</u>	<u>23,807,460</u>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
Subsidiaries (continued)**

- 1) The Company issued secured ordinary corporate bonds amounting to \$1,600,000 thousand, \$1,450,000 thousand, \$2,000,000 thousand, \$3,000,000 thousand, \$4,000,000 thousand, and \$2,000,000 thousand, with coupon rates of 1.80%, 1.70%, 0.90%, 0.55%, 0.50%-0.52%, and 0.53%, respectively, in January 2024, December 2023, April 2022, September 2021, January 2021, and December 2020. The ordinary corporate bonds were issued for 3 to 5 years with interests paid annually, and are subject to bullet repayment at maturity. The repayment amounts from January 1 to September 30, 2024 are \$2,000,000 thousand. In addition, the amount of ordinary corporate bonds repaid in 2023 of \$3,000,000 thousand (presented as other payables as of December 31, 2023) was paid on January 2, 2024.
- 2) The subsidiary issued secured ordinary corporate bonds amounting to \$2,000,000 thousand, \$2,000,000 thousand, \$2,000,000 thousand, \$2,000,000 thousand, and \$5,900,000 thousand with coupon rates of 1.73%, 1.70%, 0.85%, 0.57%, and 0.78%-0.85% in May 2024, March 2024, April 2022, November 2021, and April 2019, respectively. The bonds were issued for 5 years with interests paid annually, and are subject to bullet repayment at maturity. The subsidiary repaid \$4,000,000 thousand of ordinary corporate bond in the nine months ended September 30, 2024.
- 3) Please refer to Note 6(bb) for the interest expense from January 1 to September 30, 2024 and 2023.
- 4) For the details of collateral of secured ordinary corporate bonds payable, please refer to Note 8.

19. Lease liabilities

The carrying amount of lease liabilities were as follows:

	<b>2024.9.30</b>	<b>2023.12.31</b>	<b>2023.9.30</b>
Current	<u><u>\$ 140,186</u></u>	<u><u>125,962</u></u>	<u><u>112,593</u></u>
Non-current	<u><u>\$ 94,206</u></u>	<u><u>171,421</u></u>	<u><u>185,049</u></u>

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

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

The amounts recognized in profit or loss were as follows:

	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Interest on lease liabilities	<u>\$ 1,199</u>	<u>1,485</u>	<u>3,836</u>	<u>4,888</u>
Expenses relating to short-term and low-value leases	<u>\$ 17,840</u>	<u>18,263</u>	<u>50,310</u>	<u>47,931</u>

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

	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Total cash outflow for leases	<u>\$ 149,656</u>	<u>134,688</u>

1) Real estate leases

As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group had leased land and buildings for its office, reception center and parking lot. The leases typically run for a period of 18 months to 3 years for reception center, 5 years to 5 and a half years for office space, and 20 years for parking lot.

2) Other leases

The Group leases the transport equipment for a rent period of 3 years.

The Group also leases office equipment, short-term reception center, and Outdoor advertising. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

20. Provisions

	<b>2024.9.30</b>	<b>2023.12.31</b>	<b>2023.9.30</b>
Warranty	<u>\$ 312,590</u>	<u>261,257</u>	<u>270,562</u>

- 1) 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.
- 2) From January 1 to September 30, 2024 and 2023, there were no significant changes in the above-mentioned liability provisions of the Group. For relevant information, please refer to Note 6(s) of the 2023 consolidated financial statements.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
Subsidiaries (continued)**

21. Operating lease

- 1) The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer virtually all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(m) for information on investment property.
- 2) A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	<b>2024.9.30</b>	<b>2023.12.31</b>	<b>2023.9.30</b>
Less than one year	\$ 114,232	118,114	110,044
One to two years	96,037	92,199	75,796
Two to three years	81,646	76,926	61,232
Three to four years	75,293	64,382	48,253
Four to five years	45,610	54,850	40,806
More than five years	65,271	93,957	56,366
Total undiscounted lease payments	<b>\$ 478,089</b>	<b>500,428</b>	<b>392,497</b>

- 3) Rental income from investment property for the three months and nine months ended September 30, 2024 and 2023, amounted to \$41,593 thousand, \$31,718 thousand, \$136,100 thousand, and \$95,474 thousand, respectively.

22. Employee benefits

- 1) Defined benefit plans

Since there have been no major market fluctuations, major drawdowns, liquidations or other major one-time events since the previous year's reporting date, the Group uses the pension costs determined by the actuarial decisions of December 31, 2023 and 2022 to measure and disclose the pension costs for the interim period.

The details reported as expenses by the Group were as follows:

	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Administration expense	<b>\$ 56</b>	<b>81</b>	<b>176</b>	<b>245</b>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

2) Defined contribution plans

The pension costs incurred from the contributions to the Bureau of the Labor Insurance were as below:

	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Operating cost	\$ 4,196	3,639	11,892	10,888
Operating expenses	\$ 7,294	10,868	23,003	26,276

3) Short-term employee benefits

The details of the Group's employee's benefit liability were as follows:

	<b>2024.9.30</b>	<b>2023.12.31</b>	<b>2023.9.30</b>
Short-term paid leave liability	\$ 16,571	24,876	10,731

23. Income tax

1) The amount of the Group's income tax expenses was as follows:

	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Current tax expense				
Occurred in current period				
Income tax	\$ 369,780	841,937	927,590	1,352,522
Land value increment tax	79,018	60,246	244,710	240,347
Additional tax on unappropriated earnings	-	-	8,356	30,692
Adjustment for prior periods	1,208	-	24,965	1,012
	<u>450,006</u>	<u>902,183</u>	<u>1,205,621</u>	<u>1,624,573</u>
Deferred income tax benefit				
Origination of temporary differences	1,198	(169)	549	(5,929)
Tax expense	\$ <u>451,204</u>	<u>902,014</u>	<u>1,206,170</u>	<u>1,618,644</u>

2) Except for year 2019, the Company's profit-seeking enterprise income tax filings have been certified by the tax authority up to 2022. Income tax filings of subsidiaries Bo-Yuan and Ju Feng have been certified up to 2021, whereas all other subsidiaries have been certified up to 2022.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
Subsidiaries (continued)**

24. Capital and other equity

There was no significant change in the Company's other equity items for the periods from January 1 to September 30, 2024 and 2023, except for the matters discussed below. Please refer to note 6(w) of the 2023 consolidated financial statements for more information.

1) Ordinary shares

During the annual general meetings held on June 13, 2024 and June 13, 2023, resolutions were passed to issue new shares against capitalization of 2023 and 2022 earnings for sums of \$1,864,142 thousand and \$1,694,674 thousand, respectively; these stock dividends were approved by the Financial Supervisory Commission on July 31, 2024 and July 27, 2023, respectively. For the stock dividends allocated from 2023 and 2022 earnings, the board of directors had designated October 2, 2024 and October 2, 2023, as the baseline dates, and change of company registration was completed on October 14, 2024 and October 17, 2023, respectively.

2) Capital surplus

The balance of the Company's capital surplus is as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Treasury share transactions	\$ 629,656	618,660	618,660
Difference arising from subsidiary's equity	33,784	33,573	33,573
Difference arising from subsidiary's share price and its carrying value	837,509	419,416	419,416
Conversion Premium of convertible bonds	7,747,840	7,747,840	7,747,840
Capital surplus-premium from merger	62	62	62
Donation from shareholders	3,284	3,284	3,284
Other	15,034	13,743	13,743
	<u><b>\$ 9,267,169</b></u>	<u><b>8,836,578</b></u>	<u><b>8,836,578</b></u>

In accordance with the Company Act, realized capital surplus can only be distributed as stocks or cash dividends in accordance with shareholders' original shareholding percentages after offsetting losses. The above-mentioned realized capital surplus includes amount in excess of the face amount during shares issuance and acceptance of bestowal. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total of capital surplus appropriated for capital every year shall not exceed 10% of the paid-in capital.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
Subsidiaries (continued)**

3) 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.

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.

A. 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.

B. Special reserve

According to FSC regulations, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve and the carrying amount of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which 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.

C. Earnings distribution

The amounts of cash dividends in the appropriation of 2023 and 2022 earnings had been approved in the board meetings on March 26, 2024 and April 11, 2023, while the other earnings distribution items for 2023 and 2022 were resolved in the shareholder's meeting held on June 13, 2024 and June 13, 2023, respectively. The relevant details were as follows:

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount per share (dollars)</b>	<b>Amount</b>	<b>Amount per share (dollars)</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 0.50	932,071	0.50	847,337
Stock	1.00	<u>1,864,142</u>	1.00	<u>1,694,674</u>
Total		<u><b>\$ 2,796,213</b></u>		<u><b>2,542,011</b></u>

4) Treasury shares

- A. In accordance with Article 28-2 of the Securities and Exchange Act, to encourage employees and improve their work performance, the board has decided to repurchase treasury shares at prices ranging from \$40 to \$60 per share and transfer the shares to employees on April 23, 2021. In 2021, the total amount of shares repurchased was 20,000 thousand shares with a sum of \$884,908 thousand.
- B. Before the amendment of the Company Act at the end of 2001, the Company's subsidiaries, Ju Feng Hotel Management Consultant Co., Ltd., Highwealth Property Management Co., Ltd. (formerly Hongliang Entertainment) and Chyi Yuh Construction Co., Ltd. held the Company's partial shares for the purpose of investment. In addition, the Company has substantial control over its subsidiary, Run Long Construction Co., Ltd., which has successively purchased the Company's shares in the open market for investment purposes. As of September 30, 2024, December 31, 2023, and September 30, 2023, the Company's per-share market prices were \$45.10, \$40.10, and \$39.45, respectively. Information regarding the Company's stocks held by the above subsidiaries is as follows:

<b>Subsidiary</b>	<b>2024.9.30</b>		<b>2023.12.31</b>		<b>2023.9.30</b>	
	<b>No. of Shares Held (in Thousands)</b>	<b>Carrying value</b>	<b>No. of Shares Held (in Thousands)</b>	<b>Carrying value</b>	<b>No. of Shares Held (in Thousands)</b>	<b>Carrying value</b>
Ju Feng Hotel Management Consultant Co., Ltd.	6,095	\$ 1,733	5,541	1,733	5,541	1,733
Highwealth Property Management Co., Ltd.	11,780	10,850	10,709	10,850	10,709	10,850
Chyi Yuh Construction Co., Ltd.	3,654	-	3,321	-	3,321	-
Run Long Construction Co., Ltd.	17,658	69,071	16,053	74,385	15,908	73,442
	<u><b>39,187</b></u>	<u><b>\$ 81,654</b></u>	<u><b>35,624</b></u>	<u><b>86,968</b></u>	<u><b>35,479</b></u>	<u><b>86,025</b></u>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

5) Other equity

	<b>Exchange differences on translation of foreign financial statements</b>
Balance on January 1, 2024	\$ 214
Exchange differences on foreign operations	65
Profit and loss from disposal of foreign operations reclassified to profit and loss	( 279)
Balance on September 30, 2024	<u>\$ -</u>
Balance on January 1, 2023	\$ 268
Exchange differences on foreign operations	9
Balance on September 30, 2023	<u><u>\$ 277</u></u>

25. Earnings per share

The Group's basic earnings per share and diluted earnings per share are calculated as follows:

	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
<b>Basic earnings per share</b>				
Profit attributable to ordinary shareholders of the Company	\$ 1,789,765	893,091	3,053,273	2,460,831
Weighted-average number of ordinary shares	<u>2,011,369</u>	<u>2,011,529</u>	<u>2,011,369</u>	<u>2,011,529</u>
<b>Diluted earnings per share</b>				
Profit attributable to ordinary shareholders of the Company (diluted)	\$ 1,789,765	893,091	3,053,273	2,460,831
Weighted-average number of ordinary shares	2,011,369	2,011,529	2,011,369	2,011,529
Effect of Impact of employee stock-based compensation	699	568	954	808
Weighted-average number of ordinary shares (After adjusting for the impact of dilutive potential common shares)	<u>2,012,068</u>	<u>2,012,097</u>	<u>2,012,323</u>	<u>2,012,337</u>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
Subsidiaries (continued)**

26. Revenue from contracts with customers

1) Disaggregation of revenue

		<b>July to September, 2024</b>		
		<b>Sales of real estate department</b>	<b>Construction contractor department</b>	<b>Hotel department and others</b>
		<b>Total</b>		
Primary geographical markets:				
Taiwan		<b>\$ 9,458,579</b>	<b>7,503</b>	<b>32,238</b>
		<b>9,498,320</b>		
Major products/services lines:				
Sales of real estate		\$ 9,381,158	-	-
		9,381,158		
Construction contracts		-	52	-
		52		
Accommodation and catering business		-	-	29,001
		29,001		
Sales revenue		-	-	2,673
		2,673		
Other income		77,421	7,451	564
		85,436		
		<b>\$ 9,458,579</b>	<b>7,503</b>	<b>32,238</b>
		<b>9,498,320</b>		
Timing of revenue recognition:				
Revenue transferred over time		\$ 34,142	7,503	21,409
		63,054		
Products and services transferred at a point in time		9,424,437	-	10,829
		9,435,266		
		<b>\$ 9,458,579</b>	<b>7,503</b>	<b>32,238</b>
		<b>9,498,320</b>		

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
Subsidiaries (continued)**

<b>July to September, 2023</b>				
	<b>Sales of real estate department</b>	<b>Construction contractor department</b>	<b>Hotel department and others</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	<b>\$ 20,121,230</b>	<b>18,187</b>	<b>33,619</b>	<b>20,173,036</b>
Major products/services lines:				
Sales of real estate	\$ 20,077,237	-	-	20,077,237
Construction contracts	-	16,786	-	16,786
Accommodation and catering business	-	-	30,146	30,146
Sales revenue	-	-	3,001	3,001
Other income	43,993	1,401	472	45,866
	<b>\$ 20,121,230</b>	<b>18,187</b>	<b>33,619</b>	<b>20,173,036</b>
Timing of revenue recognition:				
Revenue transferred over time	\$ 30,317	18,187	20,411	68,915
Products and services transferred at a point in time	20,090,913	-	13,208	20,104,121
	<b>\$ 20,121,230</b>	<b>18,187</b>	<b>33,619</b>	<b>20,173,036</b>
<b>January to September, 2024</b>				
	<b>Sales of real estate department</b>	<b>Construction contractor department</b>	<b>Hotel department and others</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	<b>\$ 24,570,627</b>	<b>63,917</b>	<b>103,482</b>	<b>24,738,026</b>
Major products/services lines:				
Sales of real estate	\$ 24,289,747	-	-	24,289,747
Construction contracts	-	26,103	-	26,103
Accommodation and catering business	-	-	95,078	95,078
Sales revenue	-	-	7,012	7,012
Other income	280,880	37,814	1,392	320,086
	<b>\$ 24,570,627</b>	<b>63,917</b>	<b>103,482</b>	<b>24,738,026</b>
Timing of revenue recognition:				
Revenue transferred over time	\$ 98,286	63,917	70,011	232,214
Products and services transferred at a point in time	24,472,341	-	33,471	24,505,812
	<b>\$ 24,570,627</b>	<b>63,917</b>	<b>103,482</b>	<b>24,738,026</b>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
Subsidiaries (continued)**

	<b>January to September, 2023</b>			
	<b>Sales of real estate department</b>	<b>Construction contractor department</b>	<b>Hotel department and others</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	<b><u>\$ 36,824,651</u></b>	<b><u>63,487</u></b>	<b><u>113,825</u></b>	<b><u>37,001,963</u></b>
Major products/services lines:				
Sales of real estate	\$ 36,714,096	-	-	36,714,096
Construction contracts	-	59,285	-	59,285
Accommodation and catering business	-	-	103,821	103,821
Sales revenue	-	-	8,947	8,947
Other income	110,555	4,202	1,057	115,814
	<b><u>\$ 36,824,651</u></b>	<b><u>63,487</u></b>	<b><u>113,825</u></b>	<b><u>37,001,963</u></b>
Timing of revenue recognition:				
Revenue transferred over time	\$ 91,272	63,487	76,559	231,318
Products and services transferred at a point in time	36,733,379	-	37,266	36,770,645
	<b><u>\$ 36,824,651</u></b>	<b><u>63,487</u></b>	<b><u>113,825</u></b>	<b><u>37,001,963</u></b>

2) Contract balances

	<b><u>2024.9.30</u></b>	<b><u>2023.12.31</u></b>	<b><u>2023.9.30</u></b>
Contract assets- Construction	\$ 112	27,475	20,080
Less: Loss allowance	-	-	-
Total	<b><u>\$ 112</u></b>	<b><u>27,475</u></b>	<b><u>20,080</u></b>
Contract liabilities-Sales of real estate	\$ 20,996,244	14,417,958	13,197,066
Contract liabilities-Advance receipt	39,806	4,186	5,165
Contract liabilities-Gift certificates	31,420	26,025	25,718
Total	<b><u>\$ 21,067,470</u></b>	<b><u>14,448,169</u></b>	<b><u>13,227,949</u></b>

- A. For details on accounts receivable and allowance for impairment, please refer to Note 6(e).
- B. \$3,162,855 thousand and \$5,818,912 thousand of the opening balance of contract liabilities as of January 1, 2024 and 2023, were recognized as income for the nine months ended September 30, 2024 and 2023, respectively.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
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- C. Change in contract assets and liabilities primarily reflects the difference between the time obligation is fulfilled (i.e. upon transfer of merchandise or service) and the time payment is received from customer. There were no other significant changes in the nine months ended September 30, 2024 and 2023.

27. Employee compensation and directors' and supervisors' remuneration

- 1) The Company's Articles of Incorporation provide that if there is profit in the year, at least 0.1% of profit before tax shall be allocated for employee compensation, and no more than 1% shall be allocated for remunerations of the Directors. However, if the Company has accumulated losses, it shall reserve a portion of the profit to offset the losses in advance. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.
- 2) The Company accrued \$19,090 thousand, \$9,130 thousand, \$31,540 thousand, and \$22,410 thousand as employee compensation and \$3,910 thousand, \$1,870 thousand, \$6,460 thousand, and \$4,590 thousand as remuneration for Directors for the three months and nine months ended September 30, 2024 and 2023, respectively. These amounts were calculated using the Company's income before income tax before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating costs or operating expenses for the periods. If there is a difference between the actual distribution amount in the next year and the accrued amount, it shall be treated as a change in accounting estimates and the difference shall be recognized as profit or loss in the next year.
- 3) The Company's employee compensation provisions for 2023 and 2022 were both \$38,000 thousand, and the directors' remuneration provisions were both \$8,000 thousand. There was no difference from the actual distribution. Relevant information can be found on MOPS.

28. Other operating income and expense

- 1) Interest income

Details of the Group's interest income were as follows:

	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Interest income				
Bank deposits and				
Notes interest	\$ 15,392	7,415	114,031	86,446
Other	45	174	113	461
	<b>\$ 15,437</b>	<b>7,589</b>	<b>114,144</b>	<b>86,907</b>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
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2) Other income

Details of the Group's other income were as follows:

	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Contract termination				
income	\$ 7,795	735	12,524	15,882
Dividend income	-	8,961	-	9,961
Other income	20,092	26,887	307,011	84,394
	<b>\$ 27,887</b>	<b>36,583</b>	<b>319,535</b>	<b>110,237</b>

3) Other gains and losses

Details of the Group's other gains and losses were as follows:

	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Gain (loss) on currency exchange	\$( 5)	15	40	( 156)
Net gain (loss) on financial assets or liabilities at fair value through profit or loss	137	10,932	274,499	30,197
(Loss) gain on disposal of property, (plant and equipment	( 1)	-	( 30)	727
Gain on disposal of investment properties	93,222	77,282	128,914	77,282
Gain (loss) on lease modifications	-	-	15	-
Gain on disposal of investments accounted for using the equity method	-	-	300	-
Other gains and expenses	( 566)	( 266,720)	( 22,283)	( 289,593)
	<b>\$ 92,787</b>	<b>(178,491)</b>	<b>381,455</b>	<b>( 181,543)</b>

4) Finance costs

Details of the Group's finance costs were as follows:

	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Interest expenses				
Bank loans and collateral	\$ 809,193	789,570	2,322,801	2,312,034
Interest and fee on corporate bond	119,524	106,326	340,850	336,954
Other financial expenses	1,199	1,485	3,836	4,888
Less: capitalized interest	( 730,790)	( 482,216)	( 2,145,619)	( 1,674,371)
	<b>\$ 199,126</b>	<b>415,165</b>	<b>521,868</b>	<b>979,505</b>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
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29. Financial instruments

Except for the following descriptions, there has been no significant changes in the fair value of the Group's financial instruments and the exposure to credit risk and market risk arising from the financial instruments. Please refer to Note 6(bb) of consolidated financial statements for the year ended December 31, 2023 for relevant information.

1) Credit risk

A. Credit risk exposure

The financial instrument's biggest credit risk exposure is same as the carrying amount of the financial assets.

B. 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.

C. Receivables and debt securities

For credit risk exposure of note and account receivables and other non-current financial assets, please refer to Note 6(e). Other financial assets measured at amortized cost refer to other receivables (recorded as other current financial assets), which are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. For the nine months ended September 30, 2024 and 2023, the changes in loss allowances were as follows:

	<b>Other receivables</b>
Balance on September 30, 2024 (as opening balance)	<b>\$ 8,235</b>
Balance on September 30, 2023 (as opening balance)	<b>\$ 8,235</b>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

2) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
<b>September 30, 2024</b>				
Non derivative financial liabilities:				
Secured bank loans	\$ 108,037,286	20,640,218	75,353,752	12,043,316
Unsecured bank loans	10,011,794	5,522,100	4,052,205	437,489
Short-term notes and bills payable	11,320,700	11,320,700	-	-
Other financial liabilities - current	91,592	91,592	-	-
Notes payable, accounts payable and other payables	14,022,440	14,022,440	-	-
Ordinary corporate bonds (including less than 1 year)	22,617,758	2,120,770	20,496,988	-
Lease liabilities	240,482	117,845	121,868	769
	<u><b>\$ 166,342,052</b></u>	<u><b>53,835,665</b></u>	<u><b>100,024,813</b></u>	<u><b>12,481,574</b></u>
<b>December 31, 2023</b>				
Non derivative financial liabilities:				
Secured bank loans	\$ 104,241,717	24,662,217	61,899,376	17,680,124
Unsecured bank loans	7,392,417	4,616,537	1,479,915	1,295,965
Short-term notes and bills payable	8,290,500	8,290,500	-	-
Other financial liabilities - current	88,921	88,921	-	-
Notes payable, accounts payable and other payables	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
	<u><b>\$ 159,230,049</b></u>	<u><b>62,032,418</b></u>	<u><b>78,220,819</b></u>	<u><b>18,976,812</b></u>
	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
<b>September 30, 2023</b>				
Non derivative financial liabilities:				
Secured bank loans	\$ 110,046,352	28,379,166	63,846,451	17,820,735
Unsecured bank loans	8,463,753	4,920,007	2,239,816	1,303,930
Short-term notes and bills payable	8,210,900	8,210,900	-	-
Other financial liabilities - current	87,925	87,925	-	-
Notes payable, accounts payable and other payables	11,116,553	11,116,553	-	-
Ordinary corporate bonds (including less than 1 year)	24,276,256	6,151,524	18,124,732	-
Lease liabilities	306,348	113,497	192,127	724
	<u><b>\$ 162,508,087</b></u>	<u><b>58,979,572</b></u>	<u><b>84,403,126</b></u>	<u><b>19,125,389</b></u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
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3) Market risk

A. Exposure to foreign currency risk: None.

B. Interest rate risk

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 determined by the interest rate risk exposure of derivative and non-derivative instruments on the reporting date. For liabilities with floating interest rates, the analysis is based on the assumption that the outstanding liabilities on the reporting date have been outstanding all year round. The rate of change used by the Group internally to report interest rate to key management is a 0.5% increase or decrease in interest rate and represents the management's assessment on the reasonable range of possible changes in interest rate.

If the interest rate had increased / decreased by 0.5%, the Group's interest expense would have increased / decreased by \$455,093 thousand and \$448,109 thousand for the nine months ended September 30, 2024 and 2023. After taking capitalized interest into account, net profit would have decreased or increased by \$89,608 thousand and \$165,390 thousand. This is mainly due to the Group's borrowing at variable rates.

C. Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis and assuming that other changing factors remain unchanged for the profit and loss as illustrated below:

<b>Price of securities at reporting date</b>	<b>January to September, 2024</b>		<b>January to September, 2023</b>	
	<b>Other comprehensive income after tax</b>	<b>Net income</b>	<b>Other comprehensive income after tax</b>	<b>Net income</b>
Increase by 10%	\$ 500	-	500	29,543
Decrease by 10%	\$( 500)	-	( 500)	( 29,543)

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

4) Information of fair value

A. Valuation techniques for financial instruments measured at fair value

The Group's financial assets at fair value through profit and loss or through other comprehensive income are measured at fair value 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:

	2024.9.30				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
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	\$ 16,572,292	-	-	-	-
Notes and accounts receivable	1,893,801	-	-	-	-
Financial assets measured at amortized cost	30,000	-	-	-	-
Other financial assets — current	19,622,850	-	-	-	-
Other financial assets — non-current	7,073,631	-	-	-	-
Other non-current assets	408,912	-	-	-	-
Subtotal	\$ 45,601,486	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 105,301,904	-	-	-	-
Short-term notes and bills payable	11,295,172	-	-	-	-
Notes payable, accounts payable and other payables	14,022,440	-	-	-	-
Lease liabilities	234,392	-	-	-	-
Other financial liabilities - current	91,592	-	-	-	-
Corporate bonds payable (including less than 1 year)	21,853,989	-	-	-	-
Long-term borrowings (including less than 1 year)	4,735,416	-	-	-	-
Subtotal	\$ 157,534,905	-	-	-	-

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

<b>2023.12.31</b>					
	<b>Carrying value</b>	<b>Fair 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	\$ 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 borrowings	\$ 98,684,698	-	-	-	-
Short-term notes and bills payable	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 borrowings (including less than 1 year)	6,528,047	-	-	-	-
Subtotal	\$ 152,327,216	-	-	-	-
<b>2023.9.30</b>					
	<b>Carrying value</b>	<b>Fair 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	\$ 295,434	295,434	-	-	295,434
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	\$ 15,468,674	-	-	-	-
Notes and accounts receivable	5,771,650	-	-	-	-
Other financial assets — current	16,951,173	-	-	-	-
Other financial assets — non-current	7,396,938	-	-	-	-
Subtotal	\$ 45,588,435	-	-	-	-

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

	2023.9.30				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 104,760,739	-	-	-	-
Short-term notes and bills payable	8,182,911	-	-	-	-
Notes payable, accounts payable and other payables	11,116,553	-	-	-	-
Lease liabilities	297,642	-	-	-	-
Other financial liabilities - current	87,925	-	-	-	-
Corporate bonds payable (including less than 1 year)	23,807,460	-	-	-	-
Long-term borrowings (including less than 1 year)	6,552,202	-	-	-	-
Subtotal	\$ 154,805,432	-	-	-	-

**B. 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 transaction prices or quotes from market maker are available, the latest transaction price and quotes shall be the basis for fair value measurement. If market values are not available, valuation method would be adopted. Estimations and assumptions adopted in the valuation method are that to measure fair value at discounted cash flows.

**C. Valuation techniques for financial instruments measured at fair value**

- a. Non-derivative financial instruments

If there is a public quotation in an active market, the fair value of the financial instrument shall be the public quotation in the active market. The market prices announced by major exchanges and the market price of central government bonds judged to be hot stocks announced by Taipei Exchange are based on the fair values of listed (over-the-counter) equity instruments and debt instruments with public quotations in active markets.

If public quotations for financial instruments can be obtained on a timely and regular basis from exchanges, brokers, underwriters, industry associations, pricing services or regulatory authorities, and the prices represent actual and regular fair market transactions, then the financial instrument has public quotations in active markets. If the above conditions are not met, the market is considered inactive.

## **Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

Generally speaking, indicators of an inactive market include a large bid-ask spread, a significant increase in the bid-ask spread, or very little trading volume.

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:

Fair value of listed shares and corporate bonds are determined by market prices, for they are issued with standard terms and conditions, and are quoted in active markets.

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**

It refers to valuation model evaluations that are widely accepted by market users, such as discount methods and option pricing models. Forward currency contracts are usually valued based on current forward exchange rates. Structured interest rate derivative financial instruments are based on appropriate option pricing models (such as Black-Scholes models) or other evaluation methods.

It refers to estimating fair value using the discounted cash flow method. The main assumptions refer to the probability of occurrence based on possible earnings before tax, interest, depreciation and amortization under various scenarios to estimate the price that needs to be paid, and estimate the present value after discounting it with a risk-adjusted discount rate.

### **D. Transfers between Each Level**

Stock held by the Group quoted in an active market is sorted to Level 1. There is no difference regarding valuation techniques in the nine months ended September 30, 2024 and 2023. There was no transfer between fair value inputs in the nine months ended September 30, 2024 and 2023.

## **30. Financial risk management**

It was aligned in the objectives and policies of the Group's financial risk management comparing to those disclosed in Note 6(cc) of the consolidated financial statements for the year ended December 31, 2023.

## Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

### 31. Capital management

The Group's capital management objectives, policies and procedures were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023. In addition, there were no significant changes in the aggregate quantitative information of capital management items comparing to the information disclosed in the consolidated financial statements for the year ended December 31, 2023. For relevant information, please refer to Note 6(dd) of the consolidated financial statements for the year ended December 31, 2023.

### 32. Investing and financing activities not affecting current cash flow

The Group's non-cash financing activities in the nine months ended September 30, 2024 and 2023, were as follows:

Please refer to Note 6(l) for right-of-use assets acquired through lease.

## (VII) Related-party transactions

### 1. Related-party transactions

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
A party of 14 including Miao ○○	Key management personnel and their second immediate family of the Group
Da Li Investment Co., Ltd.	Corporate director of the subsidiary
Goyu Construction Co., Ltd.	The entity is a joint venture under the Group's joint arrangement
Taichung City HIGHWEALTH Culture and Arts Foundation	Substantive related party
Hotel kingdom	The directors of Company are the same as those of the company
Liao ○○ Architects firm	Key management personnel of the Company is the person in charge of the company
Fang ○○ Architects	Key management personnel of the Group serves as person-in-charge for the entity (Note)

Note: The party is no longer a key management personnel of the Group since March 1, 2024

### 2. Significant transactions with related parties

#### 1) Operating revenue

- A. In the nine months ended September 30, 2024 and 2023, the Group's board of directors resolved to sell real estates to related parties in

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
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accordance with the employee purchase policy, which resulted in amount of \$0 and \$63,437 thousand to be recognized as sales revenue, respectively, whereas advance real estate receipts of \$12,759 thousand, \$7,814 thousand, and \$6,524 thousand were recognized as contract liabilities on September 30, 2024, December 31, 2023, and September 30, 2023, respectively. The values of the above transactions were \$113,970 thousand, \$121,347 thousand, and \$108,497 thousand (all tax-inclusive), respectively. The collection terms were indifferent from non-related party transactions.

- B. The Group has signed management consultancy and other service contracts with other related parties, and recognized revenues totaling \$2,099 thousand, \$2,491 thousand, \$6,867 thousand, and \$8,098 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively. The transaction prices and collection terms were not significantly different from non-related party transactions.

2) Purchase

The purchases price from related parties are summarized as follows:

	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Other related parties	<b>\$ 2,554</b>	<b>8,588</b>	<b>15,580</b>	<b>15,867</b>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

3) Receivable from related parties

The receivables to related parties were as follow:

<b>Accounted items</b>	<b>Categories</b>	<b>2024.9.30</b>	<b>2023.12.31</b>	<b>2023.9.30</b>
Accounts receivables	Other related parties	<b>\$ 6,783</b>	<b>6,361</b>	<b>4,349</b>

4) Payables to related parties

The payables to related parties were as follows:

<b>Accounted items</b>	<b>Categories</b>	<b>2024.9.30</b>	<b>2023.12.31</b>	<b>2023.9.30</b>
Accounts payable	Other related parties	<b>\$ 2,416</b>	<b>3,965</b>	<b>8,032</b>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

5) Leases

The Group rented the staff dormitory from related parties were as follows:

	<b>Rent expense</b>			
	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Other related parties	\$ 105	105	315	315

The Group leased offices to related parties were as follows:

	<b>Rent income</b>			
	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Other related parties	\$ 10	10	31	31

6) Other

In September 2008, due to land development operations, the Group sold part of the land to a related party, Cai ○○, for a contract price of NT\$5,000 thousand. The original agreement was that if the integration of the base was not completed within three years, the Group would buy it back at the original price without interest. In addition, on October 20, 2011, the two parties made a supplementary agreement to unconditionally extend this period. As of December 31, 2023 and September 30, 2023, the amounts of other payables recorded due to the above transactions were both \$5,000 thousand. The entirety of the above property had been bought back as of September 30, 2024.

3. Key management personnel transaction

Key management personnel compensation comprised:

	<b>July to September, 2024</b>	<b>July to September, 2023</b>	<b>January to September, 2024</b>	<b>January to September, 2023</b>
Short-term employee benefits	\$ 30,967	53,318	84,879	103,455

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
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**(VIII) Pledged assets**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>2024.9.30</b>	<b>2023.12.31</b>	<b>2023.9.30</b>
Financial assets at fair value through profit or loss-current	Mortgage			
Note receivables		\$ -	209,100	188,400
	Mortgage and issuing commercial paper	1,461,946	1,686,067	1,584,973
Inventories (construction)	Mortgage, issuing commercial paper and bonds payable	159,259,012	144,783,814	140,328,983
Other financial assets — current and non-current	Mortgage, issuing commercial paper, performance bond, real estate trust account and bonds payable	22,381,789	20,763,731	20,787,783
Property, plant and equipment	Mortgage and bonds payable	8,873,516	7,041,380	6,456,390
Investment property, net	Mortgage, issuing commercial paper and bonds payable	5,106,043	5,482,627	5,318,770
		<b>\$ 197,082,306</b>	<b>179,966,719</b>	<b>174,665,299</b>

As of September 30, 2024, December 31, 2023, and September 30, 2023, the book value of assets pledged for undrawn loan limits were \$3,483,609 thousand, \$6,596,839 thousand, and \$2,534,129 thousand, respectively.

As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group had provided \$4,548,185 thousand, \$4,438,590 thousand and \$4,299,760 thousand of notes receivable from presale cases and 38,450 thousand, 15,250 thousand and 12,250 thousand shares of its subsidiaries as collateral for bank loans. In the aforementioned periods, the subsidiaries had placed zero shares, 13,145 thousand shares, and 13,145 thousand shares of the Company as collateral for the borrowing limit.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
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**(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments**

1. Unrecognized contractual commitments

1) Contract price signed with clients were as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Amount of signed contracts (construction)	\$ 209,930,201	151,751,236	144,015,094
Received amount from contracts	\$ 20,996,244	14,417,958	13,197,066
Outstanding checks received from presale cases	\$ 15,344,953	9,763,757	9,722,563

2) The Group had the following unrecognized commitments associated with the trading contracts that it had signed to acquire inventory:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Inventories obtained (construction)	\$ 5,935,755	-	109,749

3) Construction contract price signed by subsidiaries is as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Amount of signed contracts	\$ 790	188,992	154,993
Received amount from contracts	\$ 457	143,128	120,552

2. Others

- 1) As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group had offered guarantees totaling \$19,476,586 thousand, \$12,825,386 thousand, and \$12,845,386 thousand for joint construction and urban renewal projects. For the above-mentioned joint construction projects, the Group will settle the amounts on dates agreed by both parties.
- 2) 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 on May 10, 2023 at one of the Taichung MRT Stations, whose project had been executed by a professional manufacturer. 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. On March 29, 2024, the Group signed a debt burden agreement with the aforementioned professional manufacturer, in which the professional manufacturer agreed to

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

bear the full sum of the arbitrated compensation, and to have the damage compensation deducted from future progress billings.

- 3) As passed by the Group's board of directors on January 18, 2024, an amount not exceeding NT\$203,440 thousand was donated to the Taichung City HIGHWEALTH Culture and Arts Foundation for the purpose of promoting conference affairs.

**(X) Significant Disaster Loss: None**

**(XI) Significant Subsequent Events: None**

**(XII) Other**

1. A summary of current-period employee benefits, depreciation, and amortization, by function, were as follows:

By function By item	July to September, 2024			July to September, 2023		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits						
Salary	\$ 107,797	207,499	315,296	78,246	216,482	294,728
Labor and health insurance	11,523	15,455	26,978	9,316	17,840	27,156
Pension	4,196	7,294	11,490	3,639	10,949	14,588
Others	5,319	8,272	13,591	3,901	24,736	28,637
Depreciation (Note)	23,290	45,370	68,660	27,724	49,944	77,668
Amortization	31,255	4,667	35,922	975	3,774	4,749

By function By item	January to September, 2024			January to September, 2023		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits						
Salary	\$ 324,138	588,781	912,919	255,059	545,878	800,937
Labor and health insurance	33,053	49,635	82,688	25,514	53,459	78,973
Pension	11,892	23,179	35,071	10,888	26,521	37,409
Others	12,002	24,892	36,894	10,108	40,748	50,856
Depreciation (Note)	68,815	107,123	175,938	91,291	83,945	175,236
Amortization	56,096	13,637	69,733	3,110	11,735	14,845

Note: Depreciation expenses for the three months and nine months ended September 30, 2024 were presented net of landlord's shared expenses totaling \$603 thousand and \$3,027 thousand, respectively.

2. Seasonality of operations:

The Group's operations are not affected by seasonal or cyclical factors.

3. Other

## Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

Regarding the fraud allegations against Tsai ○○, 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.

### (XIII) Other disclosures

#### 1. 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 for the six months ended September 30, 2024:

- 1) Loans to other parties: None.
- 2) Guarantees and endorsements for other parties:

No.	Name of guarantor	Subject of endorsements/ guarantees		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	Nature of relationship										
0	The Company	Chyi Yuh Construction Co., Ltd.	2	\$ 49,131,461	10,404,000	10,404,000	8,270,000	-	21.18%	98,262,922	Y	N	N
0	The Company	Bo-Yuan Construction Co., Ltd.	2	49,131,461	5,160,000	4,660,000	2,932,700	2,260,000	9.48%	98,262,922	Y	N	N
0	The Company	Well Rich International Co., Ltd.	2	49,131,461	540,000	200,000	-	-	0.41%	98,262,922	Y	N	N
0	The Company	Bi Jiang Enterprise Co., Ltd.	2	49,131,461	3,145,000	2,500,000	2,500,000	1,000,000	5.09%	98,262,922	Y	N	N
0	The Company	Shing Fu Fa CONSTRUCTION CO., LTD.	2	49,131,461	350,000	250,000	-	-	0.51%	98,262,922	Y	N	N
0	The Company	Yeh Kee Enterprise Co., Ltd.	2	49,131,461	1,450,000	1,450,000	-	-	2.95%	98,262,922	Y	N	N
1	Yeh Kee Enterprise Co., Ltd.	The Company	3	6,254,386	1,088,875	1,088,875	1,088,875	1,088,875	435.25%	7,505,263	N	Y	N
2	Bi Jiang Enterprise Co., Ltd.	The Company	3	2,289,418	64,875	64,875	64,875	64,875	5.67%	4,578,837	N	Y	N
2	Bi Jiang Enterprise Co., Ltd.	Bo-Yuan Construction Co., Ltd.	4	2,289,418	1,000,000	500,000	-	-	43.68%	4,578,837	N	N	N
3	Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd.	3	3,581,645	1,000,000	1,000,000	-	-	55.84%	7,163,290	N	Y	N
4	Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd.	2	14,816,104	1,100,000	1,100,000	700,000	1,000,000	7.42%	29,632,208	Y	N	N
5	Chyi Yuh Construction Co., Ltd.	Bo-Yuan Construction Co., Ltd.	2	13,269,908	500,000	500,000	500,000	500,000	7.54%	26,539,816	N	N	N

## Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

- Note 1: Use of serial number is explained below:
1. "0" represents the parent company.
  2. Subsidiaries are sequentially numbered from 1 by company.
- Note 2: There are 7 categories of relationship between the guaranteed and the guarantor, which are explained below:
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's endorsement and guarantee policy has imposed the following overall and single-enterprise endorsement/guarantee limits:
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's endorsement and guarantee policy has imposed the following overall and single-enterprise endorsement/guarantee limits:
1. The total amount of guarantee for external endorsement shall not exceed 200% of current net value of Run Long.
  2. The guarantee amount for a single enterprise endorsement shall not exceed 100% of the current net value of Run Long.
- Note 5: Jin Jyun's, Bi Jiang's, and Chyi Yuh's endorsement and guarantee policies have imposed the following overall and single-enterprise endorsement/guarantee limits:
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's endorsement and guarantee policy has imposed the following overall and single-enterprise endorsement/guarantee limits:
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: Eliminated in the preparation of consolidated statements.

## Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

### 3) Securities held at the end of period (excluding investment in subsidiaries, associates and joint ventures):

Name of security	Category and name of security	Relationship with the issuer of the securities	Account name	End of period				Note
				Number of shares	Carrying value	Shareholding %	Fair value	
The Company	Stock-Shin Kong Real Estate Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	550,000	\$ 5,000	1.67 %	5,000	
Ju Feng Hotel Management Consultant Co., Ltd.	Stock- HIGHWEALTH CONSTRUCTION CORP.	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	6,094,680	274,870	0.29 %	274,870	Note 2
Highwealth Property Management Co., Ltd.	Stock- HIGHWEALTH CONSTRUCTION CORP.	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	11,780,146	531,285	0.57 %	531,285	Note 2
Chyi Yuh Construction Co., Ltd.	Stock- HIGHWEALTH CONSTRUCTION CORP.	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	3,653,602	164,777	0.18 %	164,777	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	17,658,081	796,379	0.85 %	796,379	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: Fully recognized as impairment loss.

Note 2: Eliminated in the preparation of consolidated statements.

### 4) Cumulative purchase or sale of any single marketable security that amounts to NT\$300 million or more than 20% of paid-up capital:

Buyer/seller	Marketable security Category and name	Account name	Counter-party	Nature of relationship	Beginning of period		Purchase		Sale				End of period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book cost	Gain (loss) on disposal (Note 1)	Number of shares	Amount
The Company	Stock- Da-Li Development Co., Ltd.	Financial assets at fair value through profit or loss-current	-	-	9,408,745	\$ 327,895	-	-	9,408,745	602,394	602,394	-	-	-
Chyi Yuh Construction Co., Ltd.	Stock - Run Long Construction Co., Ltd	Investments accounted for using equity method	-	Investee accounted for using equity method of the company	20,838,755	623,299	21,759,306	-	2,706,000	314,919	96,343	-	39,892,061	594,835

Note 1: Eliminated in the preparation of consolidated statements; additionally, gain (loss) on disposal has been adjusted to capital surplus.

## Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

### 5) 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	Nature of relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Other terms
							Owner	Relationship with the Company	Date of transfer	Amount			
Run Long Construction Co., Ltd.	Jincheng Section, Anping District, Tainan City	2024/2/26	\$ 591,881	Amount fully paid	A party of 10 including Yeh	Non-related party	-	-	-	-	Appraisal	Construction	-
Run Long Construction Co., Ltd.	Chenggong Section, Lingya District, Kaohsiung City	2024/7/10	1,311,842	196,776	Jing o Construction Co., Ltd.	Non-related party	-	-	-	-	Appraisal	Construction	-
Run Long Construction Co., Ltd.	Jincheng Section, Anping District, Tainan City	2024/7/23 - 2024/8/9	436,568	103,314	Yen o Co., Ltd. and a party of 4 including Liu	Non-related party	-	-	-	-	Appraisal	Construction	Note 1
Jin Jyun Construction Co., Ltd.	Guoan Section, Annan District, Tainan City	2024/3/29	2,265,750	Amount fully paid	Tai o o o Construction Co., Ltd.	Non-related party	-	-	-	-	Appraisal	Construction	Note 2
Jin Jyun Construction Co., Ltd.	Chenggong Section, Lingya District, Kaohsiung City	2024/7/26	1,027,347	154,102	Jing o Construction Co., Ltd. and Chen	Non-related party	-	-	-	-	Appraisal	Construction	-
Bi Jiang	Huishun Section, Taichung City	2024/7/12	3,794,074	189,704	A party of 10 including Yu	Non-related party	-	-	-	-	Appraisal	Construction	-

Note 1: Includes \$20,000 thousand of superficies (tax-inclusive).

Note 2: Includes volume transfer fee of \$125,470 thousand (tax-inclusive).

### 6) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Real estate seller	Name of property	Transaction date	Acquisition date	Book value	Transaction amount (tax included)	Amount actually receivable	Gain (loss) on disposal	Counter-party	Nature of relationship	Purpose of disposal	References for determining price	Other terms
The Company	Properties and land held for sale	2024.01.08	N/A	N/A to the sale of inventory	\$ 1,058,880	137,119	N/A to the sale of inventory	Saint o co., Ltd.	Non-related party	Sale of inventory	Appraisal	None
The Company	Properties and land held for sale	2024.04.30	N/A	N/A to the sale of inventory	662,950	85,791	N/A to the sale of inventory	Hong o Investment Co., Ltd.	Non-related party	Sale of inventory	Appraisal	None
The Company	Properties and land held for sale	2024.04.30	N/A	N/A to the sale of inventory	660,050	85,425	N/A to the sale of inventory	Rui o Co., Ltd.	Non-related party	Sale of inventory	Appraisal	None
The Company	Properties and land held for sale	2024.04.30	N/A	N/A to the sale of inventory	675,880	87,388	N/A to the sale of inventory	Teng o Investment Co., Ltd.	Non-related party	Sale of inventory	Appraisal	None
The Company	Properties and land held for sale	2024.05.15	N/A	N/A to the sale of inventory	358,000	352,236	N/A to the sale of inventory	Sheng o Technology Co., Ltd.	Non-related party	Sale of inventory	Appraisal	None
The Company	Properties and land held for sale	2024.09.18	N/A	N/A to the sale of inventory	656,730	85,400	N/A to the sale of inventory	Singapore Trade Office in Taipei	Non-related party	Sale of inventory	Appraisal	None

## Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

- 7) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Buyer (seller)	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts Receivable or Payable		Note
			Purchase (sale)	Amount	As a percentage of total purchase (sale)	Payment terms	Unit price	Payment terms	Ending balance	As a 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	\$ 9,561,229	80.78 %	Pay by contract terms	-	-	(2,501,207)	(82.47)%	Note 2
Chyi Yuh Construction Co., Ltd.	The Company	Ultimate parent company	Contracted project	(8,543,463)	(81.38) %	Payment received by contract terms	-	-	2,501,207	86.30%	Note 1
"	Bo-Yuan Construction Co., Ltd.	The associate of the company	Contracted project	(1,860,039)	(17.72) %	Payment received by contract terms	-	-	376,539	12.99%	Note 1
Bo-Yuan Construction Co., Ltd.	Chyi Yuh Construction Co., Ltd.	The associate of the company	Contracting project	1,598,929	94.64 %	Pay by contract terms	-	-	(376,539)	(87.15)%	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	3,776,531	59.76 %	Pay by contract terms	-	-	(675,269)	(42.08)%	Note 2
Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd.	The ultimate parent of the company	Contracted projects and management commitments	(3,064,000)	99.15 %	Payment received by contract terms	-	-	675,269	99.68%	Note 1

Note 1: The contractor recognizes its construction revenue through percentage of completion method, and recognizes as sales.

Note 2: The project owner accounts for purchases based on stage-by-stage inspection.

Note 3: Eliminated in the preparation of consolidated statements.

- 8) 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	\$ 2,501,207	5.29	-		1,575,853	-
"	Bo-Yuan Construction Co., Ltd.	The associate of the company	376,539	5.93	-		231,179	-
Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd.	The ultimate parent of the company	675,269	6.47	-		353,388	-

Note 1: Mainly represents 2023 cash dividends, therefore is not subject to turnover rate calculation.

Note 2: Eliminated in the preparation of consolidated statements.

- 9) Trading in derivative instruments: None

## Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

### 10) 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	\$ 2,501,207	Same with peer terms	1.03%
	"	"	1	Operating cost	9,561,229	Same with peer terms	38.65%
		"	1	Investment properties in construction	379,429	Same with peer terms	0.16%
1	Chyi Yuh Construction Co., Ltd.	The Company	2	Accounts receivables	2,501,207	Same with peer terms	1.03%
	"	"	2	Operating revenue	8,543,463	Same with peer terms	34.54%
	"	Bo-Yuan Construction Co., Ltd.	3	Accounts receivables	376,539	Same with peer terms	0.16%
	"	"	3	Operating revenue	1,860,039	Same with peer terms	7.52%
2	Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd.	3	Accounts payable	675,269	Same with peer terms	0.28%
	"	"	3	Operating cost	3,064,000	Same with peer terms	12.39%
3	Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd.	3	Accounts receivables	675,269	Same with peer terms	0.28%
	"	"	3	Operating revenue	3,064,000	Same with peer terms	12.39%
4	Bo-Yuan Construction Co., Ltd.	Chyi Yuh Construction Co., Ltd.	3	Accounts payable	376,539	Same with peer terms	0.16%
	"	"	3	Operating cost	1,598,929	Same with peer terms	6.46%

Note 1: Use of serial number is explained below:

1. "0" represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company

Note 2: Relationship with the transacting party is denoted as follows:

1. Parent company to its subsidiary.
2. Subsidiary to its parent company.
3. Subsidiary to subsidiary.

## Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

### 2. Information on investees:

The following is the information on investees from January 1 to September 30, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Held at the end,			Net income (losses) of investee	Share of profits/ losses of investee	Note
				End of the period	End of last year	Number of shares	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%	77,324	16,911	14,141	
"	Highwealth Property Management Co., Ltd.	Taiwan	Real estate brokerage, real estate trading	7,000	7,000	700,000	100.00%	7,176	5,337	(18)	
"	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%	5,409,080	459,274	280,748	
"	Run Long Construction Co., Ltd.	Taiwan	Real estate development, rental and sales industries etc.	658,119	658,119	52,136,233	5.25%	700,547	2,505,014	130,175	
"	Yeh Kee Enterprise Co., Ltd.	Taiwan	Residential and building development, rental and sales etc.	2,623,152	2,423,152	22,200,000	100.00%	2,568,504	(28,760)	(28,760)	
"	Bi Jiang Enterprise Co., Ltd.	Taiwan	Residential and building development, rental and sales etc.	2,802,900	2,802,900	124,194,881	100.00%	2,444,086	(97,240)	(97,240)	
"	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%	291,945	26,345	26,345	
"	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%	1,143,815	(65,780)	(65,780)	
"	Well Rich International Co., Ltd.	Taiwan	Wholesale of construction material and motels etc.	445,621	245,621	38,100,000	100.00%	350,800	(50,259)	(50,259)	
"	Heng Yue	Taiwan	Construction, residential and building development, rental and sales etc.	38,028	-	2,292,800	100.00%	36,665	(1,363)	(1,363)	
Chyi Yuh Construction Co., Ltd.	GUANGYANG INVESTMENT CONSTRUCTION CO., LTD.	Taiwan	Investment industry	284,050	284,050	29,900,000	100.00%	923,459	137,703	Disclosure exempted	
"	Run Long Construction Co., Ltd.	Taiwan	Real estate development, rental and sales industries etc.	556,303	639,321	39,892,061	4.02%	594,835	2,505,014	"	
"	Goyu Building Material Co., Ltd.	Taiwan	Construction material wholesale	120,000	120,000	12,000,000	30.00%	126,975	44,132	"	
"	Heng Yuan	Taiwan	Construction material wholesale	11,000	-	1,100,000	55.00%	11,000	-	"	
GUANGYANG INVESTMENT CONSTRUCTION CO., LTD.	Run Long Construction Co., Ltd.	Taiwan	Real estate development, rental and sales industries etc.	564,442	618,533	57,737,026	5.81%	899,714	2,505,014	"	
Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd.	Taiwan	Construction, residential and building development, rental and sales etc.	1,718,300	1,718,300	170,000,000	100.00%	1,584,910	36,150	"	

Note 1: Eliminated in the preparation of consolidated statements, except for Goyu Construction, which is an investment accounted for using the equity method.

## Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)

### 3. Information on investment in mainland China:

#### 1) 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 (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Investment flows		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Net income (losses) of 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. (Note 1)	Construction material, furniture, metal parts	\$ 26,555	(1)	26,555	-	-	26,555	7	-%	7	-	-
		USD 900,000		USD 900,000			USD 900,000					
XINGFUYU TRADING (XIAMEN) CO., LTD. (Note 2)	Construction material wholesale	27,104	(1)	27,104	-	1,691	-	174	-%	174	-	-
		USD 900,000		USD 900,000		USD 52,807.92						

Note 1: Quanxiang Trading has been deregistered with the approval of the Supervision and Administration Bureau on June 24, 2024.

Note 2: Xingfuyu Trading has been deregistered with the approval of the Supervision and Administration Bureau on March 21, 2024. A revocation of investment acknowledgment was obtained from the Department of Investment Review, MOEA, on May 24, 2024.

#### 2) Limitation on investment in Mainland China:

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment Amounts Authorized by Investment Commission, MOEA	Upper limit on investment authorized by Investment Commission, MOEA
\$ 26,555 (USD 900,000)	26,555 (USD 900,000)	29,478,877 (Note)

Note: Calculated at 60% of net worth or consolidated net worth, according to the Investment Commission's "Principles for the Review of Investment or Technical Joint Venture in Mainland China."

Note 1: Methods of Investment can be divided into three categories 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: With regards to investment gains/losses recognized in 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. Other

#### 3) Significant transactions: None

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its Subsidiaries (continued)**

4. Major shareholders:

Unit: Shares		
<b>Major shareholder's Name</b>	<b>Shares</b>	<b>No. of Shares Held</b>
Ear Winner Investment Co., Ltd.		145,627,664
Xing Ri Sheng Investment Co., Ltd.		118,756,325
		<b>Shareholding %</b>
		7.72%
		6.30%

**(XIV) Segment information**

The information and adjustments of the operating departments of the Group are as follows:

	<b>Development segment</b>	<b>Construction segment</b>	<b>Hotel department and others</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>July to September, 2024</b>					
Revenue from external customers	\$ 9,458,579	7,503	32,238	-	9,498,320
Intersegment	61,877	5,438,542	6,482	( 5,506,901)	-
Total revenue	<u>\$ 9,520,456</u>	<u>5,446,045</u>	<u>38,720</u>	<u>( 5,506,901)</u>	<u>9,498,320</u>
<b>Reportable segment profit or loss</b>	<u>\$ 2,749,163</u>	<u>( 11,015)</u>	<u>( 31,316)</u>	<u>( 89,994)</u>	<u>2,616,838</u>
<b>July to September, 2023</b>					
Revenue from external customers	\$ 20,121,230	18,187	33,619	-	20,173,036
Intersegment	27,779	3,443,246	5,404	( 3,476,429)	-
Total revenue	<u>\$ 20,149,009</u>	<u>3,461,433</u>	<u>39,023</u>	<u>( 3,476,429)</u>	<u>20,173,036</u>
<b>Reportable segment profit or loss</b>	<u>\$ 5,816,940</u>	<u>352,498</u>	<u>375,244</u>	<u>( 1,287,655)</u>	<u>5,257,027</u>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp. and its  
Subsidiaries (continued)**

	<b>Development segment</b>	<b>Construction segment</b>	<b>Hotel department and others</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>July to September, 2024</b>					
Revenue from external customers	\$ 24,570,627	63,917	103,482	-	24,738,026
Intersegment	289,034	13,634,846	13,915	( 13,937,795)	-
Total revenue	<u>\$ 24,859,661</u>	<u>13,698,763</u>	<u>117,397</u>	<u>( 13,937,795)</u>	<u>24,738,026</u>
<b>Reportable segment profit or loss</b>	<u>\$ 6,493,923</u>	<u>( 626,447)</u>	<u>( 82,406)</u>	<u>( 847,402)</u>	<u>6,355,374</u>
<b>July to September, 2023</b>					
Revenue from external customers	\$ 36,824,651	63,487	113,825	-	37,001,963
Intersegment	213,080	10,040,490	10,079	( 10,263,649)	-
Total revenue	<u>\$ 37,037,731</u>	<u>10,103,977</u>	<u>123,904</u>	<u>( 10,263,649)</u>	<u>37,001,963</u>
<b>Reportable segment profit or loss</b>	<u>\$ 10,156,706</u>	<u>853,660</u>	<u>338,867</u>	<u>( 1,997,338)</u>	<u>9,351,895</u>
<b>Reportable segment assets</b>					
September 30, 2024	<u>\$ 250,590,147</u>	<u>11,749,443</u>	<u>1,754,281</u>	<u>( 22,406,424)</u>	<u>241,687,447</u>
December 31, 2023	<u>\$ 232,824,089</u>	<u>19,000,287</u>	<u>657,580</u>	<u>( 25,607,215)</u>	<u>226,874,741</u>
September 30, 2023	<u>\$ 234,067,051</u>	<u>15,959,794</u>	<u>1,538,405</u>	<u>( 24,836,027)</u>	<u>226,729,223</u>