

**HIGHWEALTH CONSTRUCTION  
CORP. AND SUBSIDIARIES**  
**Consolidated Financial Statements and  
Independent Auditors' Review Report**  
**For the Three Months Ended March 31, 2025 and 2024**

**Company 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 audited the consolidated financial statements of Highwealth Construction Corp. and its subsidiaries as of March 31, 2025 and 2024, which comprise the consolidated balance sheet as of March 31, 2025 and 2024, the consolidated statement of comprehensive income, changes in equity and cash flows for the periods then ended, 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 March 31, 2025 and 2024, and their consolidated financial performance and cash flows for the three months ended March 31, 2025 and 2024 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

Taipei, Taiwan (Republic of China)  
May 14, 2025

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**March 31, 2025, December 31, 2024 and March 31, 2024**

(Expressed in Thousand of New Taiwan Dollars)

		March 31, 2025		December 31, 2024		March 31, 2024				March 31, 2025		December 31, 2024		March 31, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Note 6(a))	\$ 16,562,401	7	17,889,104	8	13,807,998	6	2100	Short term borrowings (Note 6(n) and (ab))	\$ 113,465,224	46	109,339,983	45	101,330,233	44
1110	Financial assets at fair value through profit or loss — current (Notes 6(b) and 8)	-	-	-	-	391,404	-	2110	short term transaction instrument payables (Note 6(o) and (ab))	11,346,407	5	9,698,878	4	9,710,222	4
1140	Current contract assets (Note 6(y))	2,083	-	107	-	28	-	2130	Current contract liabilities (Notes 6(y) and 7)	20,544,847	8	19,307,901	8	16,658,566	7
1150	Notes receivable, net (Notes 6(e) and 8)	814,238	-	978,054	-	1,809,870	1	2150	Notes payable (Note 6(ab))	3,249	-	1,841	-	10,902	-
1170	Accounts receivable, net (Notes 6(e) and 7)	138,729	-	287,591	-	997,561	-	2170	Accounts payable (Note 6(ab) and 7)	6,991,499	3	9,626,616	4	8,037,651	3
130X	Inventory (Notes 6(f) and 8)	180,650,296	73	176,704,976	72	168,235,224	73	2200	Other payables (Note 6(ab))	3,800,297	2	4,443,894	2	3,845,907	2
1410	Prepayment	2,040,302	1	1,932,141	1	1,409,558	1	2216	Dividends payable (Note 6(ab))	1,684,984	1	-	-	2,052,846	1
1476	Other financial assets - current (Notes 6(m), 7, 8, and 9(b))	21,576,222	9	19,248,749	8	20,010,227	9	2230	Current tax liabilities	931,691	-	928,200	-	1,759,802	1
1479	Other current assets, others	422,696	-	413,653	-	667,149	-	2250	Provisions - current (Notes 6(s) and (u))	341,041	-	344,952	-	309,277	-
1480	Incremental costs to obtain contract with customers (Note 6(m))	5,922,614	2	5,849,337	2	4,773,559	2	2280	Lease liabilities current (Note 6(r) and (ab))	158,750	-	162,025	-	120,927	-
		228,129,581	92	223,303,712	91	212,102,578	92	2305	Other financial liability current (Note 6(ab))	86,982	-	85,622	-	89,195	-
<b>Non current assets:</b>								2321	Current portion of corporate bonds matured or recalled (Note 6(q) and (ab))	4,762,357	2	1,999,597	1	5,882,647	3
1517	Non current financial assets at fair value through other comprehensive income (Note 6(c))	5,000	-	5,000	-	5,000	-	2322	Current portion of long-term borrowings (Note 6(p) and (ab))	835,941	-	435,430	-	2,361,341	1
1535	Non current financial assets at amortised cost, net (Note 6(d))	30,000	-	30,000	-	30,000	-	2399	Other current liabilities, others	1,007,916	-	833,083	-	893,974	-
1550	Investments accounted for using equity method, net (Note 6(g))	133,728	-	131,271	-	117,293	-			165,961,185	67	157,208,022	64	153,063,490	66
1600	Property, plant and equipment (Notes 6(j) and 8)	9,856,486	4	9,864,365	4	7,739,372	3	<b>Non-Current liabilities:</b>							
1755	Right-of-use assets (Note 6(k))	149,150	-	157,504	-	125,037	-	2530	Bonds payable (Note 6(q) and (ab))	16,721,870	7	19,492,284	8	17,966,747	8
1760	Investment property, net (Notes 6(l) and 8)	5,048,871	2	5,064,302	2	5,618,745	3	2540	Long term borrowings (Note 6(p) and (ab))	3,895,900	1	4,380,270	2	4,048,493	2
1780	Intangible assets	39,408	-	42,367	-	27,258	-	2550	Provisions non current (Note 9(b))	167,080	-	167,080	-	-	-
1840	Deferred tax expense (Notes 6(v))	80,326	-	80,326	-	69,541	-	2570	Deferred tax liabilities (Notes 6(v))	141,018	-	143,344	-	191,553	-
1980	Other financial assets - non-current (Notes 6(m) and 8)	4,645,111	2	5,660,343	2	5,243,527	2	2580	Lease liabilities - non-current (Note 6(r) and (ab))	76,734	-	96,342	-	146,966	-
1990	Other non-current assets - other (Notes 6(ab) and 8)	1,118,567	-	1,228,677	1	515,981	-	2640	Net defined benefit liability - non current (Note 6(u))	13,722	-	13,885	-	19,224	-
		21,106,647	8	22,264,155	9	19,491,754	8			21,016,324	8	24,293,205	10	22,372,983	10
										186,977,509	75	181,501,227	74	175,436,473	76
<b>Total assets</b>		<b>\$ 249,236,228</b>	<b>100</b>	<b>245,567,867</b>	<b>100</b>	<b>231,594,332</b>	<b>100</b>	<b>Total liabilities</b>							
								<b>Equity attributable to owners of parent:</b>							
								3100	Common stock (Note 6(w))	20,705,557	8	20,705,557	8	18,841,415	8
								3200	Capital surplus (Note 6(w))	9,266,969	4	9,267,169	4	8,847,873	4
									Retained earnings (Note 6(w)):						
								3310	Legal reserve	9,014,064	3	9,014,064	3	8,773,652	3
								3350	Unappropriated earnings	14,355,971	6	14,350,076	6	10,756,142	5
								3400	Other equity (Note 6(w))	-	-	-	-	393	-
								3500	Treasury stock (Note 6(w))	( 966,562)	-	( 966,562)	-	( 971,876)	-
									Total equity attributable to owners of parent:	52,375,999	21	52,370,304	21	46,247,599	20
								36XX	<b>Non-controlling interests (Note 6(i))</b>	9,882,720	4	11,696,336	5	9,910,260	4
									<b>Total equity</b>	62,258,719	25	64,066,640	26	56,157,859	24
								<b>Total liabilities and equity</b>		<b>\$ 249,236,228</b>	<b>100</b>	<b>245,567,867</b>	<b>100</b>	<b>231,594,332</b>	<b>100</b>

(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 Comprehensive Income

For the Three Months Ended March 31, 2025 and 2024

(Expressed in Thousand of New Taiwan Dollars)

		January to March, 2025		January to March, 2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(t), (y), and 7)	\$ 1,108,226	100	5,210,156	100
5000	Operating cost (Note 6(f))	673,714	61	3,496,718	67
	Gross profit from operations	434,512	39	1,713,438	33
	Operating expenses:				
6100	Selling expenses (Note 6(m))	122,904	11	437,351	8
6200	Administrative expenses (Note 7)	373,163	34	291,275	6
		496,067	45	728,626	14
	Profit (loss)	( 61,555 )	( 6 )	984,812	19
	Non-operating income and expenses:				
7100	Interest income (Note 6(aa))	20,479	2	9,984	-
7010	Other income (Notes 6(aa) and 7)	68,290	6	262,180	5
7020	Other gains and losses (Note 6(aa))	6,267	-	30,474	1
7050	Finance costs (Note 6(r) and (aa))	( 134,293 )	( 12 )	( 164,389 )	( 3 )
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net(Note 6(g))	2,457	-	3,259	-
	Total non-operating income and expenses	( 49,334 )	( 4 )	141,508	3
	Income (loss) before tax from continuing operations	( 110,889 )	( 10 )	1,126,320	22
7950	Less: Income tax expenses (Note 6(v))	11,848	1	257,435	5
	Net profit (loss) for the period	( 122,737 )	( 11 )	868,885	17
8300	Other comprehensive income:				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	-	-	56	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	-	-	56	-
8300	Other comprehensive income	-	-	56	-
	Total comprehensive income	( \$ 122,737 )	( 11 )	868,941	17
	Net profit, attributable to:				
8610	Owners of parent company	\$ 5,895	1	593,628	12
8620	Non-controlling interests	( 128,632 )	( 12 )	275,257	5
		( 122,737 )	( 11 )	868,885	17
	Comprehensive income attributable to:				
8710	Owners of parent company	5,895	1	593,684	12
8720	Non-controlling interests	( 128,632 )	( 12 )	275,257	5
		( \$ 122,737 )	( 11 )	868,941	17
	Earnings per share (NT\$) (Note 6(x))				
9750	Basic earnings per share (NT\$)	\$ -			0.30
9850	Diluted earnings per share (NT\$)	\$ -			0.30

(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 Three Months Ended March 31, 2025 and 2024**

(Expressed in Thousand of New Taiwan Dollars)

	Equity attributable to owners of parent					Total other equity interest Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital Common stock	Capital surplus	Legal reserve	Retained earnings Unappropriated earnings	Total					
<b>Balance as of January 1, 2024</b>	<u>\$ 18,841,415</u>	<u>8,836,578</u>	<u>8,773,652</u>	<u>11,094,585</u>	<u>19,868,237</u>	<u>214</u>	<u>( 971,876)</u>	<u>46,574,568</u>	<u>10,760,793</u>	<u>57,335,361</u>
Net profit (loss)	-	-	-	593,628	593,628	-	-	593,628	275,257	868,885
Other comprehensive income	-	-	-	-	-	56	-	56	-	56
Total comprehensive income	-	-	-	593,628	593,628	56	-	593,684	275,257	868,941
Cash dividends of ordinary share	-	-	-	( 932,071 )	( 932,071 )	-	-	( 932,071 )	-	( 932,071 )
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	11,089	-	-	-	-	-	11,089	-	11,089
Disposal of Subsidiaries	-	-	-	-	-	123	-	123	-	123
Changes in ownership interests in subsidiaries	-	206	-	-	-	-	-	206	-	206
Changes in non-controlling interests	-	-	-	-	-	-	-	-	( 1,125,790 )	( 1,125,790 )
<b>Balance as of March 31, 2024</b>	<u><b>\$ 18,841,415</b></u>	<u><b>8,847,873</b></u>	<u><b>8,773,652</b></u>	<u><b>10,756,142</b></u>	<u><b>19,529,794</b></u>	<u><b>393</b></u>	<u><b>( 971,876)</b></u>	<u><b>46,247,599</b></u>	<u><b>9,910,260</b></u>	<u><b>56,157,859</b></u>
<b>Balance as of January 1, 2025</b>	<u>\$ 20,705,557</u>	<u>9,267,169</u>	<u>9,014,064</u>	<u>14,350,076</u>	<u>23,364,140</u>	<u>-</u>	<u>( 966,562)</u>	<u>52,370,304</u>	<u>11,696,336</u>	<u>64,066,640</u>
Net profit (loss)	-	-	-	5,895	5,895	-	-	5,895	( 128,632 )	( 122,737 )
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	5,895	5,895	-	-	5,895	( 128,632 )	( 122,737 )
Arising from receipt of donations	-	( 200 )	-	-	-	-	-	( 200 )	-	( 200 )
Changes in non-controlling interests	-	-	-	-	-	-	-	-	( 1,684,984 )	( 1,684,984 )
<b>Balance as of March 31, 2025</b>	<u><b>\$ 20,705,557</b></u>	<u><b>9,266,969</b></u>	<u><b>9,014,064</b></u>	<u><b>14,355,971</b></u>	<u><b>23,370,035</b></u>	<u><b>-</b></u>	<u><b>( 966,562)</b></u>	<u><b>52,375,999</b></u>	<u><b>9,882,720</b></u>	<u><b>62,258,719</b></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 Cash Flows

For the Three Months Ended March 31, 2025 and 2024

(Expressed in Thousand of New Taiwan Dollars)

	<u>January to March, 2025</u>	<u>January to March, 2024</u>
<b>Cash flows from (used in) operating activities:</b>		
Profit (loss) before tax for the period	(\$ 110,889)	1,126,320
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	74,931	51,773
Amortization expense	28,906	23,540
Net gain on financial assets or liabilities at fair value through profit or loss	-	( 63,509)
Interest expense	134,293	164,389
Interest income	( 20,479)	( 9,984)
Share of profit of associates and joint ventures accounted for using equity method	( 2,457)	( 3,259)
Loss on disposal of property, plant and equipment	4	29
Gains on disposal of investments properties	-	( 725)
Loss on disposal of investments accounted for using the equity method	-	123
Gain on lease modifications	-	( 8)
Other income	-	( 226,087)
Total adjustments to reconcile profit (loss)	<u>215,198</u>	<u>( 63,718)</u>
Total changes in operating liabilities		
Changes in operating assets and liabilities:		
(Increase) decrease in contract assets	( 1,976)	27,447
Decrease in notes receivable	163,816	209,519
Decrease (increase) in accounts receivable	148,862	( 850,631)
Increase in inventories	( 3,115,681)	( 2,168,688)
Increase in prepayments	( 108,161)	( 67,503)
Decrease (increase) in other current and non-current assets	81,492	( 132,242)
Decrease (increase) in other financial assets (including non-current)	44,311	( 716,440)
Increase in assets recognised as incremental costs to obtain contract with customers	( 73,277)	( 734,484)
Changes in operating assets:	<u>( 2,860,614)</u>	<u>( 4,433,022)</u>
Relationship with the Company		
Increase in contract liabilities	1,236,946	2,210,397
Increase in notes payable	1,408	2,859
Decrease in accounts payable	( 2,635,117)	( 1,570,417)
(Decrease) increase in other payables	( 648,062)	453,027
(Decrease) increase in provisions	( 3,911)	23,144
Increase in other financial liabilities	1,360	274
Increase in other current liabilities	174,833	203,433
Decrease in net defined benefit liability	( 163)	( 259)
Changes in operating liabilities:	<u>( 1,872,706)</u>	<u>1,322,458</u>
Total changes in operating assets	<u>( 4,733,320)</u>	<u>( 3,110,564)</u>
Total adjustments	<u>( 4,518,122)</u>	<u>( 3,174,282)</u>
Cash outflow generated from (used in) operations	( 4,629,011)	( 2,047,962)
Income taxes paid	( 11,757)	( 74,784)
<b>Net cash outflow from (used in) operating activities</b>	<u>( 4,640,768)</u>	<u>( 2,122,746)</u>

# HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows (continued)

For the Three Months Ended March 31, 2025 and 2024

(Expressed in Thousand of New Taiwan Dollars)

	<u>January to March, 2025</u>	<u>January to March, 2024</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	( 28,888)	( 327,524)
Proceeds from disposal of property, plant and equipment	-	5
Acquisition of intangible assets	( 2,145)	( 1,530)
Proceeds from disposal of investment properties	-	1,046
Increase in other non-current assets	( 2,684)	( 74,780)
Interest received	20,978	10,036
<b>Net cash flows from (used in) investing activities</b>	<u>( 12,739)</u>	<u>( 392,747)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	6,096,501	6,753,900
Decrease in short-term loans	( 1,974,806)	( 4,105,062)
Increase in short-term notes and bills payable	1,661,700	1,443,700
Proceeds from issuing bonds	-	3,600,000
Repayments of bonds	-	( 5,000,000)
Proceeds from long-term debt	-	6,000
Repayments of long-term debt	( 83,859)	( 124,213)
Payment of lease liabilities	( 32,514)	( 31,842)
Increase in other financial assets	( 1,357,521)	( 105,988)
Interest paid	( 982,697)	( 815,079)
<b>Net cash inflow generated from (used in) financing activities</b>	<u>3,326,804</u>	<u>1,621,416</u>
Effect of exchange rate changes on cash and cash equivalents	-	56
Decrease in cash and cash equivalents	( 1,326,703)	( 894,021)
Cash and cash equivalents at beginning of the year	<u>17,889,104</u>	<u>14,702,019</u>
Cash and cash equivalents at end of the year	<u><b>\$ 16,562,401</b></u>	<u><b>13,807,998</b></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 Three Months Ended March 31, 2025 and 2024**

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

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

Highwealth Construction Corp. (the "Company") was incorporated in 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 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 May 14, 2025.

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

1. The impact of the International Financial Reporting Standards (" IFRS Accounting Standards" ) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 "Lack of Exchangeability"

2. The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective  
The Group expects to adopt the following newly amended IFRS Accounting Standards starting January 1, 2026, which may have the following impact:

- (1) Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments," including application guidance on IFRS 9 Section 4.1 and related disclosure requirements under IFRS 7.

This amendment introduces an additional assessment to evaluate whether the financial asset, which has contingent features not directly related to the basic loan risk or cost (for example, changes in cash flows depending on whether the borrower meets specified perpetual performance targets in the loan agreement), meets the condition of "solely payments of principal and interest on the principal amount outstanding." The Group did not elect to early adopt the application guidance of Section 4.1 in the amendment, as outlined in the Q&A published by the FSC on February 26, 2025, before January 1, 2025.

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

3. The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC  
The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities.</li> <li>• Management performance measures (MPMs): the new standard introduces a definition for management performance measures and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

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

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation. The Group does not expect the following other 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," including application guidance on IFRS 9 Sections 3.1 and 3.3 and related disclosure requirements under IFRS 7.
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

### **(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 included 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, 2024. Please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2024 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
			March 31, 2025	December 31, 2024	March 31, 2024	
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)	Wholesale of construction materials	- % (Note 1)	- % (Note 1)	- % (Note 1)	The Company hold more than 50% interest of the subsidiary directly
The Company	Quanxiang Trading (Shanghai) Co., Ltd. (Quanxiang Trading)	Wholesale of construction materials	- % (Note 2)	- % (Note 2)	100.00% (Note 2)	The Company hold more than 50% interest of the subsidiary directly
The Company	Run Long Construction Co., Ltd (Run Long)	Real estate development, rental and sales industries etc.	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 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
The Company	Well Rich International Co., Ltd. (Well Rich)	Hotels 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 3)	100.00% (Note 3)	- % (Note 3)	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.	Real estate development, rental and sales industries etc.	4.02% (Note 4)	4.02% (Note 4)	4.62% (Note 4)	Chyi Yuh doesn't hold more than 50% of interest directly and indirectly but have substantial controlling power and considered as subsidiary

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

Name of investor	Subsidiary	Principal activity	Shareholding			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
Chyi Yuh Construction Co., Ltd.	Heng Yuan Co., Ltd. (hereinafter referred to as "Heng Yuan")	Wholesale of construction materials	55.00% (Note 5)	55.00% (Note 5)	- (Note 5)	% Chyi Yuh hold more than 50% interest of the subsidiary directly
Guangyang Investment Co., Ltd.	Run Long Construction Co., Ltd.	Real estate development, rental and sales industries etc.	5.81% (Note 4)	5.81% (Note 4)	6.37% (Note 4)	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: Xingfuyu Trading has been deregistered with the approval of the Supervision and Administration Bureau on March 21, 2024.

Note 2: Quanxiang Trading has been deregistered with the approval of the Supervision and Administration Bureau on June 24, 2024.

Note 3: The Group completed payment for the acquisition of Heng Yue Construction Co., Ltd. shares on May 2, 2024.

Note 4: The Group's shareholdings change because the Group invested or disposed of shareholdings of Run Long Construction.

Note 5: The Group founded Heng Yuan Contractor Co., Ltd. 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. Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (1) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (2) The Group holds the asset primarily for the purpose of trading;
- (3) The assets that are realized within twelve months after the reporting period; or
- (4) The asset is cash or a 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.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (1) It is expected to be settled in the normal operating cycle;
- (2) It is held primarily for the purpose of trading;
- (3) It is due to be settled within twelve months after the reporting period; or
- (4) The Group 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.

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

4. Income tax

The Group measured and disclosed the 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 must make judgments and estimates about the future (including climate-related risks and opportunities), which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The actual results may differ from these estimates.

When preparing the consolidated financial statements, significant accounting judgments, 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, 2024.

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

**(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, 2024. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2024 for relevant information.

1. Cash and cash equivalents

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Bank overdrafts used for cash management purposes	\$ 5,696	6,597	9,139
Demand and check deposits	16,461,705	17,558,520	13,768,859
Time Deposits	95,000	323,987	30,000
Cash and cash equivalents	<b><u>\$ 16,562,401</u></b>	<b><u>17,889,104</u></b>	<b><u>13,807,998</u></b>

Please refer Note 6(ab) 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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Mandatorily measured at fair value through profit or loss:			
Stocks listed on domestic markets	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>391,404</u></b>

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

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

3. Financial assets at fair value through other comprehensive income

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Equity investments at fair value through other comprehensive income:			
Stocks in unlisted company	<b>\$ 5,000</b>	<b>5,000</b>	<b>5,000</b>

(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(ab).

(3) As of March 31, 2025, December 31, 2024, and March 31, 2024, the financial assets at fair value through other comprehensive income of the Group hadn't pledged as collateral for bank borrowings.

4. Financial assets measured at amortized cost

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Bonds payable	<b>\$ 30,000</b>	<b>30,000</b>	<b>30,000</b>

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(ab).

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



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

5. Note and account receivables

	March 31, 2025	December 31, 2024	March 31, 2024
Note receivables	\$ 814,238	978,054	1,809,870
Accounts receivables	145,558	294,420	1,003,903
Less: Loss allowance	( 6,829)	( 6,829)	( 6,342)
	<u><b>\$ 952,967</b></u>	<u><b>1,265,645</b></u>	<u><b>2,807,431</b></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 receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information.

(2) The expected credit losses of the note receivables and trade receivables were as follows:

<b>March 31, 2025</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance Provision</b>
Current	\$ 952,968	-	1
More than 365 days past due	6,828	100%	6,828
	<u><b>\$ 959,796</b></u>		<u><b>6,829</b></u>
<b>December 31, 2024</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance Provision</b>
Current	\$ 1,265,646	-	1
More than 365 days past due	6,828	100%	6,828
	<u><b>\$ 1,272,474</b></u>		<u><b>6,829</b></u>
<b>March 31, 2024</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance Provision</b>
Current	\$ 2,807,432	-	1
More than 365 days past due	6,341	100%	6,341
	<u><b>\$ 2,813,773</b></u>		<u><b>6,342</b></u>

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

	<b>January to March, 2025</b>	<b>January to March, 2024</b>
Ending balance (also beginning balance)	<u><b>\$ 6,829</b></u>	<u><b>6,342</b></u>

(4) As of March 31, 2025, December 31, 2024, and March 31, 2024, 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

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials and consumables	\$ 460	652	471
Finished goods	1,523	1,754	1,973
Subtotal	<u>1,983</u>	<u>2,406</u>	<u>2,444</u>
Properties and land held for sale	7,641,883	8,291,912	15,931,776
Land held for construction sites	4,512,743	6,602,660	12,834,037
Construction in progress	167,671,638	161,618,294	139,022,278
Prepayment for land purchases	<u>822,049</u>	<u>189,704</u>	<u>444,689</u>
Subtotal	<u>180,648,313</u>	<u>176,702,570</u>	<u>168,232,780</u>
Total	<u><b>\$ 180,650,296</b></u>	<u><b>176,704,976</b></u>	<u><b>168,235,224</b></u>

- (1) For the three months ended March 31, 2025 and 2024, the inventory costs recognized as cost of goods sold and expenses were \$657,596 thousand and \$3,381,125 thousand, respectively. For the three months ended March 31, 2025 and 2024, there is no loss on inventory write-down and inventory write-down reversal recognized.
- (2) For the three months ended March 31, 2025 and 2024, 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(l).
- (3) For the three months ended March 31, 2025 and 2024, construction in progress of the Group is calculated using a capitalization rate 2.58%-2.73% and 2.23%-2.64%, respectively. For the amount of capitalized interest, please refer to Note 6(aa).
- (4) As of March 31, 2025, December 31, 2024 and March 31, 2024, 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:

	March 31, 2025	December 31, 2024	March 31, 2024
Joint ventures	<u><b>\$ 133,728</b></u>	<u><b>131,271</b></u>	<u><b>117,293</b></u>

**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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 133,728</u>	<u>131,271</u>	<u>117,293</u>
		<u>January to March, 2025</u>	<u>January to March, 2024</u>
Attributable to the Group:			
Net profit (loss) from continuing operations		<u>\$ 2,457</u>	<u>3,259</u>
Comprehensive income		<u>\$ 2,457</u>	<u>3,259</u>

8. Acquisition of subsidiary

The Group founded Heng Yuan Contractor Co., Ltd. holding 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; the payment of proceeds and transfer of share ownership were completed in 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 the main types of consideration transferred on the date of acquisition are explained below:

Main types of consideration transferred:

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

Goodwill recognized through acquisition:

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

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

9. Material non-controlling interests of subsidiaries

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

<u>Subsidiary</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Run Long Construction Co., Ltd	Taiwan	84.92%	84.92%	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:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current asset	\$ 47,178,201	46,792,370	43,731,031
Non Current asset	4,667,103	4,720,891	3,277,562
Current Liability	( 29,517,851)	( 27,053,173)	( 28,220,518)
Non current Liability	( 9,921,987)	( 9,920,164)	( 6,291,147)
Net assets	<u>\$ 12,405,466</u>	<u>14,539,924</u>	<u>12,496,928</u>
Carrying amount of non-controlling interests at the end of the year	<u>\$ 9,874,029</u>	<u>11,687,373</u>	<u>9,910,260</u>

	<u>January to March, 2025</u>	<u>January to March, 2024</u>
Operating revenue	\$ 30,910	1,348,119
Net profit (loss) for the period	( 149,943)	337,698
Other comprehensive income	-	802
Comprehensive income	<u>(\$ 149,943)</u>	<u>338,500</u>
Net profit (loss), attributable to non-controlling interests	<u>(\$ 128,360)</u>	<u>275,257</u>
Comprehensive income, attributable to non-controlling interests	<u>(\$ 128,360)</u>	<u>275,257</u>
Net cash flows from operating activities	(\$ 1,377,143)	( 1,908,615)
Net cash flows from investing activities	8,145	4,719
Net cash flows from financing activities	694,074	3,032,836
Net cash flows	<u>(\$ 674,924)</u>	<u>1,128,940</u>

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

10. Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Building and equipment in construction</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deemed cost:							
Balance as of January 1, 2025	\$ 2,121,164	6,084,958	6,175	422,852	1,741,835	5,954	10,382,938
Additions	-	-	-	3,734	28,498	586	32,818
Disposals	-	-	-	( 3,990)	-	-	( 3,990)
Reclassifications	-	-	-	7,897	( 4,427 )	( 3,470)	-
Balance as of March 31, 2025	<u>\$ 2,121,164</u>	<u>6,084,958</u>	<u>6,175</u>	<u>430,493</u>	<u>1,765,906</u>	<u>3,070</u>	<u>10,411,766</u>
Balance as of January 1, 2024	\$ 2,140,332	1,022,762	6,175	384,344	4,256,175	2,720	7,812,508
Additions	-	-	-	4,918	359,337	-	364,255
Disposals	-	-	-	( 3,378)	-	-	( 3,378)
Reclassifications	-	( 12,575)	-	12,575	-	-	-
Balance as of March 31, 2024	<u>\$ 2,140,332</u>	<u>1,010,187</u>	<u>6,175</u>	<u>398,459</u>	<u>4,615,512</u>	<u>2,720</u>	<u>8,173,385</u>
Depreciation and Impairment losses:							
Balance as of January 1, 2025	\$ 5,893	216,597	5,892	290,191	-	-	518,573
Depreciation	48	29,553	35	11,057	-	-	40,693
Disposals	-	-	-	( 3,986)	-	-	( 3,986)
Balance as of March 31, 2025	<u>\$ 5,941</u>	<u>246,150</u>	<u>5,927</u>	<u>297,262</u>	<u>-</u>	<u>-</u>	<u>555,280</u>
Balance as of January 1, 2024	\$ 5,703	170,093	5,750	237,264	-	-	418,810
Depreciation	47	4,338	36	14,126	-	-	18,547
Disposals	-	-	-	( 3,344)	-	-	( 3,344)
Reclassifications	-	( 8,137)	-	8,137	-	-	-
Balance as of March 31, 2024	<u>\$ 5,750</u>	<u>166,294</u>	<u>5,786</u>	<u>256,183</u>	<u>-</u>	<u>-</u>	<u>434,013</u>
Carrying amounts:							
January 1, 2025	<u>\$ 2,115,271</u>	<u>5,868,361</u>	<u>283</u>	<u>132,661</u>	<u>1,741,835</u>	<u>5,954</u>	<u>9,864,365</u>
March 31, 2025	<u>\$ 2,115,223</u>	<u>5,838,808</u>	<u>248</u>	<u>133,231</u>	<u>1,765,906</u>	<u>3,070</u>	<u>9,856,486</u>
January 1, 2024	<u>\$ 2,134,629</u>	<u>852,669</u>	<u>425</u>	<u>147,080</u>	<u>4,256,175</u>	<u>2,720</u>	<u>7,393,698</u>
March 31, 2024	<u>\$ 2,134,582</u>	<u>843,893</u>	<u>389</u>	<u>142,276</u>	<u>4,615,512</u>	<u>2,720</u>	<u>7,739,372</u>

- (1) The construction of houses and buildings in progress are mainly hotel construction projects. For the three months ended March 31, 2025 and 2024, the capitalized amount were calculated based on interest rates of 2.73% and 2.23%-2.64%, respectively.
- (2) As of March 31, 2025, December 31, 2024 and March 31, 2024, the above-mentioned real estate, plants and equipment of the Group have been used as guarantees for short-term and long-term borrowings, corporate bonds payable and financing lines and please refer to Note 8 for details.

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

11. Right-of-use assets

- (1) The details of right-of-use assets recognized by the Group in relation to leased land, buildings, and structures are as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Carrying amounts:				
January 1, 2025	\$ 26,667	127,607	3,230	157,504
March 31, 2025	\$ 22,173	114,489	12,488	149,150
January 1, 2024	\$ 26,916	118,550	-	145,466
March 31, 2024	\$ 19,397	101,293	4,347	125,037

- (2) The Group's recognized right-of-use assets such as land, buildings, construction and transportation equipment leased for the three months ended March 31, 2025 and 2024 have no significant additions, impairments, or reversals. For other relevant information, please refer to Note 6(l) of the 2024 consolidated financial statements.

12. Investment property

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

	<u>Self-owned property</u>			
	<u>Land</u>	<u>Buildings and construction</u>	<u>Right-of-use assets</u>	<u>Total</u>
Carrying amounts:				
January 1, 2025	\$ 2,864,964	2,195,488	3,850	5,064,302
March 31, 2025	\$ 2,864,964	2,180,326	3,581	5,048,871
January 1, 2024	\$ 3,085,277	2,469,055	-	5,554,332
March 31, 2024	\$ 3,128,438	2,485,652	4,655	5,618,745

- (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(t).
- (3) There were no material additions, disposals, provision or reversal of impairment where the Group's investment properties were concerned for the three months ended March 31, 2025 and 2024. Please refer to Note 12(a) for depreciation amount for the period and Note 6(m) of the consolidated financial statements for the year ended December 31, 2024 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(m) of the 2024 consolidated financial statements.
- (5) As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group's investment property had been pledged as collateral for bank borrowings, please refer to Note 8.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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13. Other financial assets and current incremental cost of obtaining a contract

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Other current financial assets	\$ 21,576,222	19,248,749	20,010,227
Incremental costs of obtaining a contract	5,922,614	5,849,337	4,773,559
Other non-current financial assets	4,645,111	5,660,343	5,243,527
	<b><u>\$ 32,143,947</u></b>	<b><u>30,758,429</u></b>	<b><u>30,027,313</u></b>

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

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

(2) Incremental costs of obtaining a contract

The Group expects that incremental commission fees paid to intermediaries, and the bonus for the internal sales department are recoverable. The Group has therefore capitalized them as contract costs. Capitalized commission fees are amortized when the related revenues are recognized. For the three months ended March 31, 2025 and 2024, the Group recognized \$29,241 thousand and \$240,303 thousand of selling expense.

(3) Guarantee

As of March 31, 2025, December 31, 2024 and March 31, 2024, the other financial assets of the Group had pledged as collateral for bank borrowings, please refer to Note 8.

14. Short-term loans

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Unsecured bank loans	\$ 9,757,225	9,736,824	7,112,633
Secured bank loans	103,728,717	99,627,423	94,241,247
Less: Syndicated loan expense	( 20,718)	( 24,264)	( 23,647)
Total	<b><u>\$ 113,465,224</u></b>	<b><u>109,339,983</u></b>	<b><u>101,330,233</u></b>
Range of interest rates	<b><u>2.04%~3.19%</u></b>	<b><u>2.04%~3.19%</u></b>	<b><u>2.04%~3.14%</u></b>

(1) Issuance and Repayment of Bank Loans

For the three months ended March 31, 2025 and 2024, the incremental amounts are \$6,096,501 thousand and \$6,753,900 thousand, respectively; the repayment amounts are \$1,974,806 thousand and \$4,105,062 thousand, respectively. Please refer to Note 6(aa).

(2) The issue of bank loan and repayment

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

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

15. Short-term investment payables

<b>March 31, 2025</b>		
	<b>Guarantee or acceptance institute</b>	<b>Range of interest rates</b>
		<b>Amount</b>
Commercial paper payable	Financial institute	\$ 11,382,100
Less: Discount on short-term notes and bills payable		( 35,693)
Total		<u><u>\$ 11,346,407</u></u>

<b>December 31, 2024</b>		
	<b>Guarantee or acceptance institute</b>	<b>Range of interest rates</b>
		<b>Amount</b>
Commercial paper payable	Financial institute	\$ 9,720,400
Less: Discount on short-term notes and bills payable		( 21,522)
Total		<u><u>\$ 9,698,878</u></u>

<b>March 31, 2024</b>		
	<b>Guarantee or acceptance institute</b>	<b>Range of interest rates</b>
		<b>Amount</b>
Commercial paper payable	Financial institute	\$ 9,734,200
Less: Discount on short-term notes and bills payable		( 23,978)
Total		<u><u>\$ 9,710,222</u></u>

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

16. Long-term borrowings

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Unsecured bank loans	\$ 100,000	150,000	200,000
Secured bank loans	4,631,841	4,665,700	6,209,834
Less: Portion due within one year	( 835,941)	( 435,430)	( 2,361,341)
Total	<u><u>\$ 3,895,900</u></u>	<u><u>4,380,270</u></u>	<u><u>4,048,493</u></u>
Range of interest rates	<u><u>2.42%~2.99%</u></u>	<u><u>2.42%~2.99%</u></u>	<u><u>2.42%~3.07%</u></u>

(1) The issue of borrowings and repayment

For the three months ended March 31, 2025 and 2024, the incremental amounts are \$0 thousand and \$6,000 thousand, respectively; for the three months ended March 31, 2025 and 2024, the repayment amounts are \$83,859 thousand and \$124,213 thousand, respectively. Please refer to Note 6(aa).

(2) The issue of bank loan and repayment

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



**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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17. Bonds payable /current portion of reverse bonds

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

	March 31, 2025	December 31, 2024	March 31, 2024
Total ordinary corporate bonds issued	\$ 21,570,000	21,570,000	23,950,000
Unamortized discounted corporate bonds payable	( 85,773)	( 78,119)	( 100,606)
Corporate bonds issued balance at year-end	<u>\$ 21,484,227</u>	<u>21,491,881</u>	<u>23,849,394</u>
Secured ordinary corporate bonds-current	\$ 4,762,357	1,999,597	5,882,647
Secured ordinary corporate bonds- non-current	16,721,870	19,492,284	17,966,747
Total	<u>\$ 21,484,227</u>	<u>21,491,881</u>	<u>23,849,394</u>

(1) The details of secured ordinary corporate bonds issued by the Company are as follows:

- A. The Company issued secured ordinary corporate bonds in April 2022, September 2021, January 2021, and December 2020 in the amounts of \$2,000,000 thousand, \$3,000,000 thousand, \$2,000,000 thousand, and \$2,000,000 thousand, respectively. The stated interest rates were 0.90%, 0.55%, 0.52%, and 0.53%, respectively. Each bond has a five-year term, pays interest annually, and repays principal in full at maturity.
- B. The Company issued secured ordinary corporate bonds in December 2023 in the amount of \$1,450,000 thousand. The stated interest rate was 1.70%. The bond has a three-year term, pays interest annually, and repays principal in full at maturity.
- C. The Company issued secured ordinary corporate bonds in January 2024 in the amount of \$1,600,000 thousand. The stated interest rate was 1.80%. The bond has a three-year term and pays interest annually. Principal repayment begins 18 months after the issuance date, with \$400,000 thousand repaid in each of four installments.

- (2) The subsidiaries issued secured plain corporate bonds in December 2024, May 2024, March 2024, April 2022, November 2021, and April 2019 in the amounts of \$1,520,000 thousand, \$2,000,000 thousand, \$2,000,000 thousand, \$2,000,000 thousand, \$2,000,000 thousand, and \$5,900,000 thousand, respectively. The stated interest rates were 2.05%, 1.73%, 1.70%, 0.85%, 0.57%, and 0.78%-0.85%, respectively. The issuance periods are 5 years, interest paid annually, repayment of principal at maturity.
- (3) For the three months ended March 31, 2025 and 2024, additions amounted to \$0 and \$3,600,000 thousand, respectively; for the three months ended March 31, 2025 and 2024, repayments amounted to \$0 and \$2,000,000 thousand, respectively. Additionally, corporate bonds totaling \$3,000,000 thousand, repaid in 2023 and recorded as other payables for the year ended December 31, 2023, were paid on January 2, 2024.
- (4) Please refer to Note 6(aa) for the interest expense for the three months ended March 31, 2025 and 2024.
- (5) For the details of collateral of secured ordinary corporate bonds payable, please refer to Note 8.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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18. Lease liabilities

The carrying amount of lease liabilities were as follows:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Current	<u>\$ 158,750</u>	<u>162,025</u>	<u>120,927</u>
Non-current	<u>\$ 76,734</u>	<u>96,342</u>	<u>146,966</u>

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

The amounts recognized in profit or loss were as follows:

	<b>January to March, 2025</b>	<b>January to March, 2024</b>
Interest in lease liabilities	<u>\$ 1,310</u>	<u>1,405</u>
Expenses relating to short-term and low-value leases	<u>\$ 6,203</u>	<u>16,351</u>

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

	<b>January to March, 2025</b>	<b>January to March, 2024</b>
Total cash outflow for leases	<u>\$ 40,027</u>	<u>49,598</u>

(1) Real estate leases

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group leases land and buildings for its office, reception center and parking lot. The leases of reception center typically run for a period of 1 and a half years to 3 years, of 5 years to 5 and a half years for office space and of 20 years for parking lot.

(2) Other leases

The Group leases the transport equipment for a 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 elected not to recognize right-of-use assets and lease liabilities for these leases.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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19. Provisions

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Warranty	<u><u>\$ 315,698</u></u>	<u><u>317,080</u></u>	<u><u>287,367</u></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) For the three months ended March 31, 2025 and 2024, there were no significant changes in the above-mentioned liability provisions of the Group. For relevant information, please refer to Note 6(t) of the 2024 consolidated financial statements.

20. Operating lease

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Less than one year	\$ 108,073	104,277	123,585
One to two years	90,081	89,238	95,127
Two to three years	80,171	77,244	86,697
Three to four years	62,350	67,460	69,965
Four to five years	40,317	37,940	55,873
More than five years	60,636	46,482	89,471
Total undiscounted lease payments	<u><u>\$ 441,628</u></u>	<u><u>422,641</u></u>	<u><u>520,718</u></u>

- (3) The rental income from investment property for the three months ended March 31, 2025 and 2024, are \$31,281 thousand and \$55,090 thousand.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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21. 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, 2024 and 2023 to measure and disclose the pension costs for the interim period.

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

	<b>January to March, 2025</b>	<b>January to March, 2024</b>
Administration expense	<u>\$ 50</u>	<u>64</u>

(2) Defined contribution plans

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

	<b>January to March, 2025</b>	<b>January to March, 2024</b>
Operating cost	<u>\$ 4,110</u>	<u>3,910</u>
Operating expenses	<u>\$ 7,845</u>	<u>7,847</u>

(3) Short-term employee benefits

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Short-term paid leave liability	<u>\$ 25,343</u>	<u>27,872</u>	<u>21,910</u>

22. Income tax

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

	<b>January to March, 2025</b>	<b>January to March, 2024</b>
Current tax expense		
Occurred in current period		
Income tax	\$ 4,197	184,091
Land value increment tax	9,977	74,406
	<u>14,174</u>	<u>258,497</u>
Deferred income tax benefit		
Origination of temporary differences	( 2,326)	( 1,062)
Tax expense	<u>\$ 11,848</u>	<u>257,435</u>

(2) The Company's income tax returns have been assessed and approved by the tax authorities through 2022, with the exception of 2019, which is still pending assessment. All domestic subsidiaries, except for Heng Yue Construction Co., Ltd., have also been assessed through 2023.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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23. Capital and other equity

Except for the following descriptions, there was no significant change in the capital and other equity of the Company for the three months ended March 31, 2025 and 2024. Please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2024 for details.

(1) Ordinary shares

On June 13, 2024, the Company resolved at its annual shareholders' meeting to distribute stock dividends totaling \$1,864,142 thousand from the 2023 earnings. The distribution was approved by the FSC on July 31, 2024. Pursuant to a resolution of the Board of Directors, October 2, 2024, was set as the capital increase base date, and the registration of the capital increase was completed on October 14, 2024.

(2) Capital surplus

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Treasury share transactions	\$ 629,656	629,656	629,749
Expenses recognized in profit or loss	33,784	33,784	33,779
Difference arising from subsidiary's share price and its carrying value	837,509	837,509	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	3,084	3,284	3,284
Other	15,034	15,034	13,743
	<b><u>\$ 9,266,969</u></b>	<b><u>9,267,169</u></b>	<b><u>8,847,873</u></b>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

**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 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

In accordance with FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution.

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.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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C. Earnings distribution

On April 22, 2025, the Board of Directors resolved the amount of cash dividends to be distributed from the 2024 earnings and proposed the amount of stock dividends to be distributed from the same year's earnings. In addition, on June 13, 2024, the shareholders' meeting approved other items related to the distribution of the 2023 earnings. The details are as follows:

	2024		2023	
	Amount per share (dollars)	Amount	Amount per share (dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 2.00	4,101,111	0.50	932,071
Stock dividends	0.50	1,025,278	1.00	1,864,142
Total		<u>\$ 5,126,389</u>		<u>2,796,213</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. and Chyi Yuh Construction Co., Ltd. held the Company's partial shares for the purpose of investment. As of March 31, 2025, December 31, 2024 and March 31, 2024, the Company's per share market prices were \$43.45, \$43.45 and \$40.15, respectively. The relevant information of the Company's stocks held by the above subsidiaries is as follows:

Subsidiary	March 31, 2025		December 31, 2024		March 31, 2024	
	No. of shares held (in thousands)	Carrying amounts	No. of shares held (in thousands)	Carrying amounts	No. of shares held (in thousands)	Carrying amounts
Ju Feng Hotel Management Consultant Co., Ltd.	6,095	\$ 1,733	6,095	1,733	5,541	1,733
Highwealth Property Management Co., Ltd.	11,780	10,850	11,780	10,850	10,709	10,850
Chyi Yuh Construction Co., Ltd.	3,654	-	3,654	-	3,321	-
Run Long Construction Co., Ltd.	17,658	69,071	17,658	69,071	16,053	74,385
	<u>39,187</u>	<u>\$ 81,654</u>	<u>39,187</u>	<u>81,654</u>	<u>35,624</u>	<u>86,968</u>

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

(5) Other equity items

	<b>Exchange differences on translation of foreign financial statements</b>
Balance as of January 1, 2025	\$ -
Balance as of March 31, 2025	\$ -
Balance as of January 1, 2024	\$ 214
Exchange differences in foreign operations	56
Reclassification of gains and losses on disposal of foreign operations to profit or loss	123
Balance as of March 31, 2024	<u><u>\$ 393</u></u>

24. Earnings per share

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

	<b>January to March, 2025</b>	<b>January to March, 2024</b>
<b>Basic earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	<u>\$ 5,895</u>	<u>593,628</u>
Weighted-average number of ordinary shares	<u>2,011,369</u>	<u>2,011,369</u>
<b>Diluted earnings per share</b>		
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 5,895</u>	<u>593,628</u>
Weighted-average number of ordinary shares	2,011,369	2,011,369
Effect of restricted employee shares unvested	<u>869</u>	<u>911</u>
Weighted-average number of ordinary shares (After adjusting for the impact of dilutive potential common shares)	<u><u>2,012,238</u></u>	<u><u>2,012,280</u></u>



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

25. Revenue from contracts with customers

(1) Disaggregation of revenue

<b>January to March, 2025</b>				
	<b>Sales of real estate department</b>	<b>Construction contractor department</b>	<b>Hotel and others</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	<b>\$ 1,068,148</b>	<b>2,282</b>	<b>37,796</b>	<b>1,108,226</b>
Major products/services lines:				
Sales of real estate	\$ 1,030,432	-	-	1,030,432
Construction contract	-	9	-	9
Accommodation and catering business	-	-	34,871	34,871
Sales revenue	-	-	2,643	2,643
Other income	37,716	2,273	282	40,271
	<b>\$ 1,068,148</b>	<b>2,282</b>	<b>37,796</b>	<b>1,108,226</b>
Timing of revenue recognition:				
Revenue transferred over time	\$ 37,716	2,282	27,326	67,324
Products and services transferred at a point in time	1,030,432	-	10,470	1,040,902
	<b>\$ 1,068,148</b>	<b>2,282</b>	<b>37,796</b>	<b>1,108,226</b>
<b>January to March, 2024</b>				
	<b>Sales of real estate department</b>	<b>Construction contractor department</b>	<b>Hotel and others</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	<b>\$ 5,123,060</b>	<b>48,963</b>	<b>38,133</b>	<b>5,210,156</b>
Major products/services lines:				
Sales of real estate	\$ 5,055,634	-	-	5,055,634
Construction contract	-	26,051	-	26,051
Accommodation and catering business	-	-	35,666	35,666
Sales revenue	-	-	2,143	2,143
Other income	67,426	22,912	324	90,662
	<b>\$ 5,123,060</b>	<b>48,963</b>	<b>38,133</b>	<b>5,210,156</b>
Timing of revenue recognition:				
Revenue transferred over time	\$ 32,178	48,963	26,297	107,438
Products and services transferred at a point in time	5,090,882	-	11,836	5,102,718
	<b>\$ 5,123,060</b>	<b>48,963</b>	<b>38,133</b>	<b>5,210,156</b>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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(2) Contract balances

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Contract assets - Construction	\$ 2,083	107	28
Less: Loss allowance	-	-	-
<b>Total</b>	<b><u>\$ 2,083</u></b>	<b><u>107</u></b>	<b><u>28</u></b>
Contract liabilities - Sales of real estate	\$ 20,512,573	19,272,964	16,613,465
Contract liabilities - Advance receipt	3,516	4,307	15,708
Contract liabilities - Gift certificates	28,758	30,630	29,393
<b>Total</b>	<b><u>\$ 20,544,847</u></b>	<b><u>19,307,901</u></b>	<b><u>16,658,566</u></b>

- A. For details on accounts receivable and allowance for impairment, please refer to note 6(e).
- B. As of January 1, 2025 and 2024, the beginning balance of contract liabilities that were accounted for the three months ended March 31, 2025 and 2024, revenue amounts to \$374,338 thousand and \$947,136 thousand.
- C. The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the three months ended March 31, 2025 and 2024.

26. Employee compensation and directors' and supervisors' remuneration

- (1) In accordance with the articles of incorporation the Company should contribute no less than 0.1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.
- (2) For the three months ended March 31, 2025 and 2024, the Company accrued employee remunerations in the amounts of \$0 and \$5,810 thousand, respectively, and director remunerations in the amounts of NT\$0 and NT\$1,190 thousand, respectively. These amounts were estimated based on the Company's profit before tax before deducting employee and director remunerations for the respective periods, multiplied by the allocation percentages stipulated in the Company's Articles of Incorporation. The accrued amounts have been recognized as operating costs or operating expenses for the respective periods. If the actual distribution amount in the following year differs from the accrued amount, the difference will be accounted for as a change in accounting estimate and recognized in the profit or loss of the subsequent year. If the Board of Directors resolves to distribute employee remuneration in the form of stock, the number of shares granted is calculated based on the closing price on the day prior to the Board of Directors' resolution.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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- (3) For 2024 and 2023, the Company accrued employee remunerations of \$48,000 thousand and \$38,000 thousand, respectively, and director remunerations of \$10,000 thousand and \$8,000 thousand, respectively. These amounts did not differ from the actual distributions. Relevant information can be found on the Market Observation Post System.

27. Other operating income and expenses

(1) Interest income

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

	<b><u>January to March, 2025</u></b>	<b><u>January to March, 2024</u></b>
Interest income		
The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department.	\$ 20,449	9,979
Other interest income	30	5
	<b><u>\$ 20,479</u></b>	<b><u>9,984</u></b>

(2) Other income

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

	<b><u>January to March, 2025</u></b>	<b><u>January to March, 2024</u></b>
Contract termination income	\$ 8,795	2,575
Other income	59,495	259,605
	<b><u>\$ 68,290</u></b>	<b><u>262,180</u></b>

(3) Other gains and losses

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

	<b><u>January to March, 2025</u></b>	<b><u>January to March, 2024</u></b>
Foreign exchange losses	(\$ 3)	( 19)
Net gain on financial assets or liabilities at fair value through profit or loss	-	63,509
Loss on disposal and obsolescence of property, plant and equipment	( 4)	( 29)
Gains on disposal of investments properties	-	725
Gain on lease modifications	-	8
Loss on disposal of investments accounted for using the equity method	-	( 123)
Other gains and expenses	( 6,260)	( 33,597)
	<b><u>\$ 6,267</u></b>	<b><u>30,474</u></b>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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(4) Finance costs

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

	<b>January to March, 2025</b>	<b>January to March, 2024</b>
Interest expense		
Collateral for bank Loans	\$ 847,639	732,941
Interest and fee on corporate bond	119,735	106,537
Other financial expenses	1,310	1,405
Less: capitalized interest	( 834,391)	( 676,494)
	<b><u>\$ 134,293</u></b>	<b><u>164,389</u></b>

28. 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(ac) of consolidated financial statements for the year ended December 31, 2024 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 notes, trade receivables and other non-current assets, please refer to note 6(e). Other financial assets at amortized cost includes other receivables (classified as other financial assets-current). All these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. For the three months ended March 31, 2025 and 2024, the changes in loss allowances were as follows:

	<b>Other receivables</b>
Balance as of March 31, 2025 (as opening balance)	<b><u>\$ 8,235</u></b>
Balance as of March 31, 2024 (as opening balance)	<b><u>\$ 8,235</u></b>

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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(2) Liquidity risk

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

	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>
<b>March 31, 2025</b>				
Non derivative financial liabilities:				
Secured bank loans	\$ 115,330,674	28,460,788	82,894,936	3,974,950
Unsecured bank loans	10,426,701	5,457,429	4,526,785	442,487
Short-term investment payables	11,382,100	11,382,100	-	-
Other financial liabilities - current	86,982	86,982	-	-
Notes payable, accounts payable and other payable	12,480,029	12,480,029	-	-
Ordinary corporate bond (including less than 1 year)	22,224,504	5,028,673	17,195,831	-
Lease liabilities	242,163	133,786	107,681	696
	<b>\$ 172,173,153</b>	<b>63,029,787</b>	<b>104,725,233</b>	<b>4,418,133</b>
	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>
<b>December 31, 2024</b>				
Non derivative financial liabilities:				
Secured bank loans	\$ 111,669,643	19,106,738	80,428,598	12,134,307
Unsecured bank loans	10,491,179	5,788,430	4,257,763	444,986
Short-term investment payables	9,720,400	9,720,400	-	-
Other financial liabilities - current	85,622	85,622	-	-
Notes payable, accounts payable and other payable	14,072,351	14,072,351	-	-
Ordinary corporate bond (including less than 1 year)	22,282,657	2,237,081	20,045,576	-
Lease liabilities	265,976	132,941	132,339	696
	<b>\$ 168,587,828</b>	<b>51,143,563</b>	<b>104,864,276</b>	<b>12,579,989</b>
<b>March 31, 2024</b>				
Non derivative financial liabilities:				
Secured bank loans	\$ 107,895,476	19,541,779	74,316,331	14,037,366
Unsecured bank loans	7,674,560	4,351,602	2,942,295	380,663
Short-term investment payables	9,734,200	9,734,200	-	-
Other financial liabilities - current	89,195	89,195	-	-
Notes payable, accounts payable and other payable	13,947,306	13,947,306	-	-
Ordinary corporate bond (including less than 1 year)	24,568,419	6,120,170	18,448,249	-
Lease liabilities	274,510	121,883	151,904	723
	<b>\$ 164,183,666</b>	<b>53,906,135</b>	<b>95,858,779</b>	<b>14,418,752</b>

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.  
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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 based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change 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% basis points, the Group's interest expense would have increased / decreased by \$161,867 thousand and \$146,813 thousand for the three months ended March 31, 2025 and 2024. Taking into account that capitalized interest of profit may decrease or increase by \$22,440 thousand and \$28,701 thousand. This is mainly due to the Group's borrowing at variable rates.

C. Other market price risk

For the years ended December 31, 2024 and 2023, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<b>Price of securities at reporting date</b>	<b>January to March, 2025</b>		<b>January to March, 2024</b>	
	<b>Other comprehensive income after tax</b>	<b>Profit (loss) after tax</b>	<b>Other comprehensive income after tax</b>	<b>Profit (loss) after tax</b>
Increase by 10%	\$ 500	-	500	39,140
Decrease by 10%	(\$ 500)	-	( 500 )	( 39,140 )

**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 fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	March 31, 2025				
	Carrying amounts	Fair value			
		Level 1	Level 2	Level 3	Total
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	\$ 16,562,401	-	-	-	-
Notes and accounts receivable	952,967	-	-	-	-
Financial assets measured at amortized cost	30,000	-	-	-	-
Other current financial assets	21,576,222	-	-	-	-
Other non-current financial assets	4,645,111	-	-	-	-
Other non-current assets	722,511	-	-	-	-
Subtotal	\$ 44,489,212	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term loans	\$ 113,465,224	-	-	-	-
Short-term investment payables	11,346,407	-	-	-	-
Notes payable, accounts payable and other payable	12,480,029	-	-	-	-
Lease liabilities	235,484	-	-	-	-
Other financial liabilities - current	86,982	-	-	-	-
Corporate bonds payable (including less than 1 year)	21,484,227	-	-	-	-
Long-term loans (including less than 1 year)	4,731,841	-	-	-	-
Subtotal	\$ 163,830,194	-	-	-	-

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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	December 31, 2024				
	Carrying amounts	Fair value			
		Level 1	Level 2	Level 3	Total
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	\$ 17,889,104	-	-	-	-
Notes and accounts receivable	1,265,645	-	-	-	-
Financial assets measured at amortized cost	30,000	-	-	-	-
Other current financial assets	19,248,749	-	-	-	-
Other non-current financial assets	5,660,343	-	-	-	-
Other non-current assets	811,119	-	-	-	-
Subtotal	\$ 44,904,960	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term loans	\$ 109,339,983	-	-	-	-
Short-term investment payables	9,698,878	-	-	-	-
Notes payable, accounts payable and other payable	14,072,351	-	-	-	-
Lease liabilities	258,367	-	-	-	-
Other financial liabilities - current	85,622	-	-	-	-
Corporate bonds payable (including less than 1 year)	21,491,881	-	-	-	-
Long-term loans (including less than 1 year)	4,815,700	-	-	-	-
Subtotal	\$ 159,762,782	-	-	-	-



**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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	March 31, 2024				
	Carrying amounts	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 391,404	391,404	-	-	391,404
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	\$ 13,807,998	-	-	-	-
Notes and accounts receivable	2,807,431	-	-	-	-
Financial assets measured at amortized cost	30,000	-	-	-	-
Other current financial assets	20,010,227	-	-	-	-
Other non-current financial assets	5,243,527	-	-	-	-
Other non-current assets	71,725	-	-	-	-
Subtotal	\$ 41,970,908	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term loans	\$ 101,330,233	-	-	-	-
Short-term investment payables	9,710,222	-	-	-	-
Notes payable, accounts payable and other payable	13,947,306	-	-	-	-
Lease liabilities	267,893	-	-	-	-
Other financial liabilities - current	89,195	-	-	-	-
Corporate bonds payable (including less than 1 year)	23,849,394	-	-	-	-
Long-term loans (including less than 1 year)	6,409,834	-	-	-	-
Subtotal	\$ 155,604,077	-	-	-	-

**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 there is quoted price generated by transactions, the recent transaction price and quoted price data is used as 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.

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

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. 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:

A financial instrument being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(b) Non-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.

Fair value of forward currency is usually determined by the forward currency exchange rate.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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D. Transfers between levels

Stock held by the Group quoted in an active market is sorted to Level 1. There is no difference regarding valuation techniques for the three months ended March 31, 2025 and 2024. There is no transfer between first and second level measured at fair value for the three months ended March 31, 2025 and 2024.

29. 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(ad) of the consolidated financial statements for the year ended December 31, 2023.

30. 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, 2024. 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, 2024. For relevant information, please refer to Note 6(ae) of the consolidated financial statements for the year ended December 31, 2024.

31. Investing and financing activities not affecting current cash flow

The Group's non-cash financing activities for the three months ended March 31, 2025 and 2024 were as follows:

By the lease to get the right-of-use asset, please refer to Note 6(k).

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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**(VII) Related-party transactions**

1. Name and relationship of related party

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
A party of 10 including Lin ○○	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 Group's directors are the same as those of the company
Hsing Yi Fa Construction Enterprise Co., Ltd.	The Group's director is a second-degree relative of the director of the company.
TerraLink Enterprise Co.,Ltd.	Substantive related party
Liao ○○ Architects firm	Key management personnel of the Group serves as person-in-charge for the entity
Fang ○○ Architects	Key management personnel of the Group serves as person-in-charge for the entity (Note)
Fang ○ Architects	Key management personnel of the Group serves as person-in-charge for the entity

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

2. Significant transactions with related parties

(1) Operating revenue

- A. Pursuant to a resolution of the Board of Directors, the Group approved the sale of land and buildings to another related party. For the three months ended March 31, 2025 and 2024, sales revenue recognized from such transactions was \$0 for both periods. As of March 31, 2025, December 31, 2024, and March 31, 2024, advance receipts for these transactions (recognized as contract liabilities) amounted to \$14,278 thousand, \$13,648 thousand, and \$11,700 thousand, respectively. The total contract prices for the aforementioned transactions (inclusive of tax) were \$113,970 thousand, \$113,970 thousand, and \$102,640 thousand, respectively. The transaction prices were determined based on the Group's employee housing policy, and the payment terms did not differ materially from those offered to non-related parties.
- B. The Group signed the labor contract for management consulting services with other related parties, and recognized income \$(47) thousand and \$1,622 thousand for the three months ended March 31, 2025 and 2024, respectively. The transaction price and terms of collection do not have significant differences from those of unrelated parties.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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(2) Purchase

The purchases price from related parties are summarized as follows:

	<b>January to March, 2025</b>	<b>January to March, 2024</b>
Other related parties	<u><u>\$ 4,405</u></u>	<u><u>8,791</u></u>

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>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 024</b>
Accounts receivables	Other related parties	<u><u>\$ 222</u></u>	<u><u>101</u></u>	<u><u>7,983</u></u>
Other receivables (recorded under other financial assets – current)	Other related parties	<u><u>\$ 741</u></u>	<u><u>437</u></u>	<u><u>-</u></u>

(4) Payables to related parties

The payables to related parties were as follows:

<b>Accounted items</b>	<b>Categories</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Accounts payable	Other related parties	<u><u>\$ 2,388</u></u>	<u><u>1,742</u></u>	<u><u>7,719</u></u>

(5) Lease

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

	<b>Rent expense</b>	
	<b>January to March, 2025</b>	<b>January to March, 2024</b>
Other related parties	\$ 105	105

The Group leased offices and lands to related parties were as follows:

	<b>Rent income</b>	
	<b>January to March, 2025</b>	<b>January to March, 2024</b>
Other related parties	\$ 643	10

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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(6) Other

- A. 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 Group would repurchase the land at the original price without any interest if the plan was not completed within three years. Both parties agreed to extend the term unconditionally on October 20, 2011. As of December 31, 2023, other payables recorded due to the above transaction amounted to \$5,000 thousand, which were fully repurchased during 2024.
- B. The Group made donations totaling \$50,000 thousand to other related parties for the three months ended March 31, 2025 and 2024.

3. Key management personnel transaction

Key management personnel compensation comprised:

	<b>January to March, 2025</b>	<b>January to March, 2024</b>
Short-term employee benefits	<b>\$ 19,075</b>	<b>24,100</b>

**(VIII) Pledged assets**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Financial assets at fair value through profit or loss - current	Bank deposits and Notes interest	\$ -	-	249,600
Note receivables	Mortgage, issuing commercial paper,	1,223,850	1,386,120	1,535,406
Inventories (construction)	Mortgage and issuing commercial paper	169,122,905	161,285,237	149,207,794
Other financial assets — current and non-current	Mortgage, issuing commercial paper, performance bond, real estate trust account and bonds payable	22,016,882	20,617,852	21,829,991
Property, plant and equipment	Bank loans and collateral	9,507,616	9,511,987	7,380,664
Investment property at net value	Mortgage, issuing commercial paper and bonds payable	4,819,523	4,776,286	5,443,753
		<b>\$ 206,690,776</b>	<b>197,577,482</b>	<b>185,647,208</b>

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group provided \$4,271,615 thousand, \$5,696,182 thousand and \$4,264,186 thousand of notes receivable of presale cases 78,850 thousand, 62,150 thousand and 15,250 thousand of shares of its subsidiaries as collateral for the bank loans. During the aforesaid periods, the shares of the Company provided by the subsidiaries as collateral for the bank loan were 0, 0, and 13,145 thousand shares, respectively.

**Notes to Consolidated Financial Statements of Highwealth Construction Corp.  
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**(IX) Commitments and contingencies**

1. Unrecognized contractual commitments

(1) Contract price signed with clients were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Amount of signed contracts (construction)	<u>\$ 211,718,086</u>	<u>210,037,008</u>	<u>177,508,735</u>
Received amount from contracts	<u>\$ 20,512,573</u>	<u>19,272,964</u>	<u>16,613,465</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
Inventories obtained (construction)	<u>\$ 2,972,025</u>	<u>3,604,370</u>	<u>1,874,351</u>
Equity acquired	<u>\$ -</u>	<u>-</u>	<u>30,028</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
Amount of signed contracts	<u>\$ 813</u>	<u>813</u>	<u>457</u>
Received amount from contracts	<u>\$ 480</u>	<u>480</u>	<u>457</u>

2. Other:

- (1) As of March 31, 2025, December 31, 2024 and March 31, 2024, the refundable deposit paid for cooperation and urban renewal cases are \$19,475,386 thousand, \$19,475,386 thousand and \$12,505,386 thousand, respectively. For the partial above-mentioned joint construction projects, the company settles the settlement on the date agreed by both parties.
- (2) The Group signed an arbitration agreement with the Taichung City Government, Taichung MRT Co., Ltd. and certain aforementioned professional manufacturers on July 20, 2023, due to the accident that occurred in one of the Taichung MRT Stations, whose project had been executed by a professional manufacturer on May 10, 2023. After the above incident, the Chinese Arbitration Association, Taipei, ordered the Group to pay the claimed amount 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 assumption agreement with the aforementioned professional manufacturers. The arbitration award amount was fully borne by the professional manufacturers and compensation was obtained by offsetting a portion of the progress payments of each project. The deductions were completed by December 31, 2024.

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

- (3) As passed by the Group's Board of Directors on January 18, 2024, an amount not exceeding \$203,440 thousand was donated to the Taichung City HIGHWEALTH Culture and Arts Foundation for the purpose of promoting the Foundation's affairs.
- (4) Regarding the fraud allegations against Mr. Tsai, the former chairman of the subsidiary, in connection with the Kuobin Dayuan case, on February 26, 2025, the Taipei District Court's first-instance judgment ruled that Tsai, OO, should serve a fixed-term imprisonment and confiscate the subsidiary's obtained amount of \$308,980 thousand. To protect the rights and interests of the Group, the subsidiary has obtained a judgment and has filed an appeal in accordance with the law.

**(X) Losses due to major disasters: None**

**(XI) Subsequent events: None**

**(XII) Other**

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

By item	January to March, 2025			January to March, 2024		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	\$ 89,408	135,123	224,531	110,560	154,732	265,292
Labor and health insurance	12,060	19,530	31,590	10,145	17,637	27,782
Pension	4,110	7,895	12,005	3,910	7,911	11,821
Other	3,985	6,398	10,383	3,317	6,311	9,628
Depreciation (Note)	22,508	52,423	74,931	23,193	27,500	50,693
Amortization expense	24,385	4,521	28,906	19,118	4,422	23,540

Note: The depreciation expense for the three months ended March 31, 2025 and 2024, has been deducted from the landlord's shared expenses amounted to \$0 and \$1,080 thousand.

2. Seasonality of operations:

The operations of the consolidated company are not affected by seasonal or cyclical factors.



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

**(XIII) Other disclosures**

1. Information on significant transactions

For the three months ended March 31, 2025, in accordance with the provisions of the financial reporting standards for securities issuers, the Group should further disclose relevant information on major transaction events as follows:

(1) Loans to other parties: None

(2) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counterparty of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Endorsement and guarantee secured by pledged assets	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 of company	Nature of relationship										
0	The Company	Chyi Yuh Construction Co., Ltd.	2	\$ 52,375,999	10,404,000	10,404,000	8,404,000	-	19.86%	104,751,998	Y	N	N
0	The Company	Bo-Yuan Construction Co., Ltd.	2	52,375,999	6,460,000	6,460,000	4,773,000	3,960,000	12.33%	104,751,998	Y	N	N
0	The Company	Well Rich International Co., Ltd.	2	52,375,999	100,000	100,000	-	-	0.19%	104,751,998	Y	N	N
0	The Company	Bi Jiang Enterprise Co., Ltd.	2	52,375,999	1,000,000	1,000,000	300,000	300,000	1.91%	104,751,998	Y	N	N
0	The Company	Shing Fu Fa Construction Co., Ltd.	2	52,375,999	100,000	-	-	-	- %	104,751,998	Y	N	N
0	The Company	Yeh Kee Enterprise Co., Ltd.	2	52,375,999	1,450,000	1,450,000	-	-	2.77%	104,751,998	Y	N	N
1	Yeh Kee Enterprise Co., Ltd.	The Company	3	6,186,873	1,088,875	1,088,875	1,088,875	1,088,875	439.99%	7,424,247	N	Y	N
2	Bi Jiang Enterprise Co., Ltd.	The Company	3	7,961,891	64,875	64,875	64,875	64,875	1.63%	15,923,783	N	Y	N
3	Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd.	3	3,483,501	1,000,000	1,000,000	-	-	57.41%	6,967,003	N	Y	N
4	Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd.	2	12,405,466	1,100,000	1,100,000	400,000	300,000	8.87%	24,810,931	Y	N	N
5	Chyi Yuh Construction Co., Ltd.	Bo-Yuan Construction Co., Ltd.	4	12,453,970	500,000	500,000	500,000	500,000	8.03%	24,907,940	N	N	N

Note 1: The numbering is as follows:

- "0" represents the parent company
- 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:

- Transactions between the companies.
- The Company directly or indirectly holds more than 50% voting rights.
- When other companies directly or indirectly hold more than 50% voting rights of the Company.
- The Company directly or indirectly holds more than 90% voting right.
- A company that is mutually protected under contractual requirements based on the needs of the contractor.
- A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
- Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

Note 3: The Company endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single YEH enterprise:

- The total amount of guarantee for external endorsement shall not exceed 200% of the net value of the company.
- The guaranteed amount for a single enterprise endorsement shall not exceed 100% of the current net value of the company.

Note 4: Run Long Construction Co., Ltd. endorsed the operation method for the total amount of guarantee s and the limit for endorsement of a single enterprise:

- The total amount of guarantee for external endorsement shall not exceed 200% of the net value of Run Long Construction Co., Ltd.
- The guaranteed amount for a single enterprise endorsement shall not exceed 100% of the current net value of Run Long Construction Co., Ltd.

Note 5: Jin Jyun Construction Co., Ltd., Bi Jiang Enterprise Co., Ltd. and Chyi Yuh Construction Co., Ltd. endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise;

- The total amount of guarantee for external endorsement shall not exceed 400% of the net value of the company.
- The guarantee amount for a single enterprise endorsement shall not exceed 200% of the current net value of the company.

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

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: Reconciliated in the preparation of consolidated report.

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

Name of holder	Category and name of security	Relationship with company	Account subject	End of period				Note
				Shares	Carrying amounts	Percentage of ownership (%)	Fair value	
The Company	Stock - Shin Kong Real Estate Management Co., Ltd.	—	Total non-current financial assets at fair value through other comprehensive income	550,000	\$ 5,000	1.67 %	5,000	
Ju Feng Hotel Management Consultant Co., Ltd.	Stock - Highwealth Construction Corp.	Ultimate parent company	Total non-current financial assets at fair value through other comprehensive income	6,094,680	264,814	0.29 %	264,814	Note 2
Highwealth Property Management Co., Ltd.	Stock - Highwealth Construction Corp.	Ultimate parent company	Total non-current financial assets at fair value through other comprehensive income	11,780,146	511,847	0.57 %	511,847	Note 2
Chyi Yuh Construction Co., Ltd.	Stock - Highwealth Construction Corp.	Ultimate parent company	Total non-current financial assets at fair value through other comprehensive income	3,653,602	158,749	0.18 %	158,749	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	767,243	0.85 %	767,243	Note 2
Well Rich International Co., Ltd.	Corporate bond - Shin Kong Life Insurance Co., Ltd.	—	Financial assets at amortized cost - non current	-	30,000	- %	30,000	

Note 1: Recognized as impairment loss.

Note 2: Reconciliated in the preparation of consolidated report.

(4) Total changes in operating assets and liabilities

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Chyi Yuh Construction Co., Ltd.	Subsidiary of the Company	Contracting project	\$ 2,509,930	84.88 %	Contractual installments	-	-	( 1,328,099)	(76.24)%	Note 2
"	Bo-Yuan Construction Co., Ltd.	Subsidiary of the Company	Sale of inventory	( 147,500)	- %	Contractual installments	-	-	-	- %	Note 3
Chyi Yuh Construction Co., Ltd.	The Company	Ultimate parent company	Contracting Engineering	( 1,171,485)	(67.59)%	Contractual installments	-	-	1,328,099	48.36 %	Note 1
"	Bo-Yuan Construction Co., Ltd.	The associate of the company	Contracting Engineering	( 547,364)	(31.58)%	Contractual installments	-	-	1,397,747	50.89 %	Note 1
Bo-Yuan Construction Co., Ltd.	Chyi Yuh Construction Co., Ltd.	The associate of the company	Contracting project	1,665,128	91.28 %	Contractual installments	-	-	( 1,397,747)	(96.21)%	Note 2
"	The Company	Ultimate parent company	Purchases of inventory	147,500	8.09 %	Contractual installments	-	-	-	- %	
Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd.	Subsidiary of the Company	Contracting project and administration fee	1,162,294	88.03 %	Contractual installments	-	-	( 545,440)	(40.19)%	Note 2
Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd.	The ultimate parent of the company	Contracted project and administration fee	( 519,532)	(100.00)%	Contractual installments	-	-	545,440	99.61 %	Note 1

Note 1: The contracted company recognizes its revenue through percentage of completion method, and the amount of sales included.

Note 2: The contracting company records its import price through estimates of amount of purchases through number of trials.

Note 3: Sales of inventory that have not yet reached the revenue recognition point are recorded based on the payment received.

Note 4: Reconciliated in the preparation of consolidated report.

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

- (5) 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	Amounts due from related parties	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Chyi Yuh Construction Co., Ltd.	The Company	Ultimate parent company	\$1,328,099	3.30	-		862,565	-
"	Bo-Yuan Construction Co., Ltd.	The associate of the company	1,397,747	1.87	-		876,298	-
Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd.	The ultimate parent of the company	545,440	3.29	-		353,640	-

Note: Reconciliated in the preparation of consolidated report.

- (6) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Chyi Yuh Construction Co., Ltd.	1	Accounts payable	\$ 1,328,099	Same with peer terms	0.53%
	"	"	1	Inventory	2,509,930	Same with peer terms	1.01%
	"	Bo-Yuan Construction Co., Ltd.	1	Contract liabilities	147,500	Same with peer terms	0.06%
1	Chyi Yuh Construction Co., Ltd.	The Company	2	Accounts receivables	1,328,099	Same with peer terms	0.53%
	"	"	2	Operating revenue	1,171,485	Same with peer terms	105.71%
	"	Bo-Yuan Construction Co., Ltd.	3	Accounts receivables	1,397,747	Same with peer terms	0.56%
	"	"	3	Operating revenue	547,364	Same with peer terms	49.39%
2	Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd.	3	Accounts payable	545,440	Same with peer terms	0.22%
	"	"	3	Operating cost	519,532	Same with peer terms	46.88%
3	Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd.	3	Accounts receivables	545,440	Same with peer terms	0.22%
	"	"	3	Operating revenue	519,532	Same with peer terms	46.88%
4	Bo-Yuan Construction Co., Ltd.	Chyi Yuh Construction Co., Ltd.	3	Accounts payable	1,397,747	Same with peer terms	0.56%
	"	"	3	Inventory	1,665,128	Same with peer terms	0.67%
	"	The Company	3	Prepayment	147,500	Same with peer terms	0.06%

Note 1: The numbering is as follows:

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

Note 2: Relation between related parties are as follows:

1. Parent company and its subsidiaries
2. Subsidiaries and its parent company
3. Subsidiaries and its subsidiaries

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

2. Information on investees:

The following is the information on investees for the three months ended March 31, 2025 (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 of the period			Profit (loss) of investee for the period	Share of profits/losses of investee	Note
				End of the period	End of last year	Shares	Percentage of ownership	Carrying amounts			
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%	27,475	(13,584)	(13,584)	
"	Highwealth Property Management Co., Ltd.	Taiwan	Real estate brokerage, real estate trading	7,000	7,000	700,000	100.00%	1,836	(3)	(3)	
"	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%	4,925,922	3,468	(36,184)	
"	Run Long Construction Co., Ltd.	Taiwan	Real estate development, rental and sales industries etc.	658,119	658,119	52,136,233	5.25%	584,768	(149,943)	(7,922)	
"	Yeh Kee Enterprise Co., Ltd.	Taiwan	Residential and building development, rental and sales etc.	2,623,152	2,623,152	22,200,000	100.00%	2,565,803	1,553	1,553	
"	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%	4,143,003	130,015	77,669	
"	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%	235,189	6,777	(2,740)	
"	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%	1,017,353	(55,604)	(55,604)	
"	Well Rich International Co., Ltd.	Taiwan	Hotels etc.	445,621	445,621	38,100,000	100.00%	336,212	(7,075)	(7,075)	
"	Heng Yue Construction Co., Ltd.	Taiwan	Construction, residential and building development, rental and sales etc.	438,028	438,028	42,292,800	100.00%	434,844	(454)	(454)	
Chyi Yuh Construction Co., Ltd.	Guangyang Investment Co., Ltd.	Taiwan	Investment industry	284,050	284,050	29,900,000	100.00%	786,193	(9,897)	Exempt from disclosure	
"	Run Long Construction Co., Ltd.	Taiwan	Real estate development, rental and sales industries etc.	556,303	556,303	39,982,061	4.02%	497,921	(149,943)	"	
"	Goyu Building Material Co., Ltd.	Taiwan	Wholesale of construction materials	120,000	120,000	12,000,000	30.00%	133,728	8,135	"	
"	Heng Yuan	Taiwan	Wholesale of construction materials	11,000	11,000	1,100,000	55.00%	10,622	(606)	"	
Guangyang Investment Co., Ltd.	Run Long Construction Co., Ltd.	Taiwan	Real estate development, rental and sales industries etc.	564,442	564,442	57,737,026	5.81%	759,656	(149,943)	"	
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%	1,465,261	(17,945)	"	

Note : Reconciliated in the preparation of consolidated report, while Goyu Construction is investment adopted equity method.

3. Information on investment in mainland China: None.

**(XIV) Segment information**

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

	Development segment	Construction segment	Hotel and others	Reconciliation and elimination	Total
<b>January to March, 2025</b>					
Revenue from external customers	\$ 1,068,148	2,282	37,796	-	1,108,226
Intersegment	11,575	2,287,570	4,826	( 2,303,971)	-
Total revenue	<u>\$ 1,079,723</u>	<u>2,289,852</u>	<u>42,622</u>	<u>( 2,303,971)</u>	<u>1,108,226</u>
Reportable segment of profit or loss	<u>(\$ 25,939)</u>	<u>( 45,379)</u>	<u>( 21,861)</u>	<u>( 17,710)</u>	<u>( 110,889)</u>
<b>January to March, 2024</b>					
Revenue from external customers	\$ 5,123,060	48,963	38,133	-	5,210,156
Intersegment	87,520	2,798,808	4,303	( 2,890,631)	-
Total revenue	<u>\$ 5,210,580</u>	<u>2,847,771</u>	<u>42,436</u>	<u>( 2,890,631)</u>	<u>5,210,156</u>
Reportable segment of profit or loss	<u>\$ 990,867</u>	<u>358,485</u>	<u>( 17,401)</u>	<u>( 205,631)</u>	<u>1,126,320</u>
<b>Reportable segment assets</b>					
March 31, 2025	<u>\$ 263,176,386</u>	<u>10,425,949</u>	<u>1,972,176</u>	<u>( 26,338,283)</u>	<u>249,236,228</u>
December 31, 2024	<u>\$ 240,034,627</u>	<u>28,416,754</u>	<u>1,647,966</u>	<u>( 24,531,480)</u>	<u>245,567,867</u>
March 31, 2024	<u>\$ 239,836,322</u>	<u>18,270,045</u>	<u>840,125</u>	<u>( 27,352,160)</u>	<u>231,594,332</u>