



Stock Code: 2348

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Hi-Yes International Co., Ltd.

2023

Annual Report

Printed on May 10, 2024

Notice to Reader: For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

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The name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: N/A.

Company Website: www.hiyes-group.com.tw.

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Chapter 1 Letter to Shareholders

I. Business Results of 2023

(I) Business Results

In 2023, the housing market cooled due to the government's crackdown on speculation and successive interest rate hikes by the central bank. However, in the second half of the year, the market was influenced by the introduction of the Preferential Youth Home Loan Program looking to settle down and the recognition of revenue from the completion of the Dali Genesis project. As a result, our Company's consolidated revenue for 2023 reached NT\$7,754,584 thousand, an increase of 52.28% compared to NT\$5,092,277 thousand in 2022. Consolidated profit after tax for 2023 was NT\$1,747,188 thousand, an increase of 94.14% from NT\$899,951 thousand in 2022. Earnings per share for 2023 was NT\$13.86.

(II) Budget Plan Implementation Status

Unit: NT\$ thousand

Item	2023 Actual	2023 Budget	Rate of achievement
Operating revenue	7,754,584	Undisclosed financial forecast	N/A
Operating costs	5,071,813		
Gross profit	2,682,771		
Operating expenses	805,955		
Operating Income	1,876,816		
Non-operating income and expenses	314,295		
Net income before tax	2,191,111		
Income tax expense	443,923		
Net income	1,747,188		

(III) Financial revenue and expenditure and Profitability analysis

Item		2023	2022
Financial structure	Debt-to-Asset Ratio (%)	72.27	74.82
	Ratio of long-term capital to property, plant and equipment (%)	51,825.02	43,127.34
Solvency	Current Ratio (%)	312.43	292.99
	Quick Ratio (%)	108.60	85.77
	Interest coverage ratio	13.05	10.10
Profitability	Return on Assets (ROA) (%)	6.65	4.19
	Return on Equity (ROE) (%)	27.75	17.12
	Ratio of net profit before tax to paid-in capital (%)	148.94	87.47
	Net Profit Margin (%)	22.53	17.67
	Earnings per share (NT\$)	13.86	7.88

(IV) Progress in Research and Development

In 2023, the housing market cooled due to the government's crackdown on speculation and successive interest rate hikes by the central bank. However, in the second half of the year, the market was influenced by the We continue to accept cases throughout Taiwan and remain market sensitive. We employ innovative digital marketing strategies and have implemented a real-name authentication membership system and a big data association service system. By leveraging our internal sales data, we have developed a comprehensive data platform that allows us to effectively target our advantages and create a ripple effect of word-of-mouth marketing among distributors throughout Taiwan.

II. 2024 Prospect

(I) Operating Strategy

1. The 2024 Taiwan presidential election has concluded, leading to a resurgence in consumer confidence in home buying. Furthermore, the introduction of the Preferential Youth Home Loan Program has offered favorable terms for young individuals to purchase homes, thereby stimulating sales in the consumer market across various price ranges. As a result, there has been an increase in property sales in regions with previously low sales volumes throughout Taiwan.
2. We not only cooperate strategically with excellent constructors, but also select cases carefully in the follow-up projects to consolidate the brand's sales strength.
3. Internal control, budget management and corporate governance operations have all been strengthened corresponding to the ever-expanding scale of operations. In addition, the digitization of various operations is being promoted to improve work and operation efficiency.
4. Taiwan's housing market has entered a "period of new equilibrium in house prices." With the trend of housing purchases focusing on total price considerations, areas with convenient transportation infrastructure and employment opportunities are experiencing steady sales in housing projects, boosting operational conditions.

(II) Key Policies of Production and Marketing

1. The strategy of undertaking projects follows the movement of "industrial development". The rigid demand in the job market is optimistic, and housing products are provided to match population immigration and local housing demand. The needs of the housing market are analyzed based on big data, and the marketing is accurately launched to increase the drivers of the Company's revenue growth.

2. The development and construction of land resources is planned to launch differentiated products from other construction companies in order to expand the revenues and the profits.

III. Future Development Strategy of the Company

In addition to focusing on the current business of real estate consignment sales, the Company will also increase multiple and medium- and long-term sources of profits:

- (I) We continue to develop jointly with the constructors that are integrated with our philosophy, and we look forward to creating a win-win situation with our partners in the form of strategic alliances.
- (II) Land in Tainan will be developed successively starting this year. It is expected that the successful sales will bring substantial development benefits due to the very convenient location of the land.
- (III) The development project of surface rights setting of the former Taipei City Council was completed on schedule, and the investment attraction was successfully completed. In the future, it will create a stable business rental income.
- (IV) Last December, our Company successfully delivered the Taichung "Dali Genesis" project, in which we had invested. Going forward, we anticipate completing projects annually to boost our revenue. This year, we are on track to complete the "Landmark Forest" and "Dali Xinzhuang Garden" projects, which will further contribute to our revenue.
- (V) While engaging in business operations, the Company will actively practice the sustainable development to comply with the international development trends. As being the corporate citizen, the contribution to the national economy is enhanced, and the quality of life of our employees, the communities, and the society is improved to promote the competitive advantages based on sustainable development.

IV. Impact of External Competition Environment, Regulatory Environment and Overall Business Environment

- (I) Despite ongoing global economic and geopolitical uncertainties, the emergence of ChatGPT in November 2022, has stunned the world with its latest capabilities in generative AI, leading to a thriving AI industry. The AI supply chain includes upstream, midstream, and downstream sectors, including software service providers, component manufacturers, assembly plants, and brand manufacturers. Taiwan, a major player in the server industry, plays a crucial role in the AI supply chain. In addition, AI chips serve as a strong driving force for the growth of the semiconductor industry. As a result, future economic development is expected to benefit from these two industries, and the real estate market will also experience stable transactions.

- (II) Taiwan's housing market is closely linked to the global economy. Due to the Federal Reserve's decision to reduce interest rate hikes in the United States, along with the central bank's five consecutive quarters of interest rate hikes from the first quarter of 2022 to September 2023, the housing market is expected to stabilize in terms of both quantity and price in 2024.
- (III) Uncertainty surrounding the various government regulations imposed on the housing market over the past year has dissipated. It is expected that after a period of adjustment, speculative and highly leveraged customers will exit the market, while homebuyers and homeowners will enter. This long-term outlook is favorable for sustainable growth in the housing market.

Chairman Huang, Hsi-Wen

President Wang, Chun-Chieh

Chief Accounting Officer Kao, Ping- Chih

Chapter 2 Company Profile

I. Date of establishment: August 12, 1987.

II. Company History

The Company was approved to be established on August 12, 1987. After passing the resolution at the extraordinary shareholders' meeting on March 26, 2013 and obtaining the approval of the Ministry of Economic Affairs (Jing-Shou-Shang-Zi No. 1021062060) on April 8, 2013, the Chinese name of the Company was changed from 力廣科技股份有限公司 (Liguang Technology Co., Ltd) to 海悅國際開發股份有限公司 (Hi-Yes International Co., Ltd.). The Company is mainly engaged in real estate consignment and brokerage.

January 1996 Listed as a secondary exchange-listed company.

September 2002 The Company filed for capital reduction to make up its losses, with the paid-in capital reduced from NT\$4,295,113,260 to NT\$1,287,051,840.

January 2003 The English name of the Company was changed to VEUTRON Corporation.

June 2004 The Chinese name of the Company was changed to 力廣科技股份有限公司 (Liguang Technology Co., Ltd).

August 2006 The Company filed for capital reduction to make up its losses, with the paid-in capital reduced from NT\$1,287,051,840 to NT\$687,051,840.

November 2006 The Company used private equity to replenish operating capital, with the paid-in capital increased from NT\$687,051,840 to NT\$1,087,051,840.

December 2010 The Company filed for capital reduction to make up its losses (NT\$700,000,000), with the paid-in capital reduced from NT\$1,087,051,840 to NT\$387,051,840.

December 2010 The Company used private equity to replenish operating capital (NT\$100,000,000), with the paid-in capital increased from NT\$387,051,840 to NT\$487,051,840. Among them, the public placement was NT\$244,629,280 and the private placement was NT\$242,422,560.

June 2011 The Company used private equity to replenish operating capital (NT\$100,000,000), with the paid-in capital increased from NT\$487,051,840 to NT\$587,051,840. Among them, the public placement was NT\$244,629,280 and the private placement was NT\$342,422,560.

- September 2011 The Company used private equity to replenish operating capital (NT\$254,000,000), with the paid-in capital increased from NT\$587,051,840 to NT\$841,051,840. Among them, the public placement was NT\$244,629,280 and the private placement was NT\$596,422,560.
- December 2011 The Company used private equity to replenish operating capital (NT\$196,000,000), with the paid-in capital increased from NT\$841,051,840 to NT\$1,037,051,840. Among them, the public placement was NT\$244,629,280 and the private placement was NT\$792,422,560.
- June 2012 The Company used private equity to replenish operating capital (NT\$560,000,000), with the paid-in capital increased from NT\$1,037,051,840 to NT\$1,597,051,840. Among them, the public placement was NT\$244,629,280 and the private placement was NT\$1,352,422,560.
- November 2012 The Company filed for capital reduction to make up its losses (NT\$1,441,051,840), with the paid-in capital reduced from NT\$1,597,051,840 to NT\$156,000,000.
- November 2012 The Company used private equity to replenish operating capital (NT\$20,000,000), with the paid-in capital increased from NT\$156,000,000 to NT\$176,000,000. Among them, the public placement was NT\$23,895,390 and the private placement was NT\$152,104,610.
- January 2013 The Company used private equity to replenish operating capital (NT\$680,000,000), with the paid-in capital increased from NT\$176,000,000 to NT\$856,000,000. Among them, the public placement was NT\$23,895,390 and the private placement was NT\$832,104,610.
- March 2013 The extraordinary shareholders' meeting elected five directors and three supervisors in advance, and resolved to change the Company's Chinese name to 海悅國際開發股份有限公司 (Hi-Yes International Co., Ltd.), with its main business involving real estate consignment and brokerage. The Company is officially moving towards real estate agency sales.
- April 2013 On April 8, 2013, the Ministry of Economic Affairs issued the document Jing-Shou-Shang-Zi No. 1021062060 to approve the official change of the Company's Chinese name to 海悅國際開發股份有限公司 (Hi-Yes International Co., Ltd.).
- May 2013 The stock abbreviation was officially changed to HIYES on the Taiwan Stock Exchange.

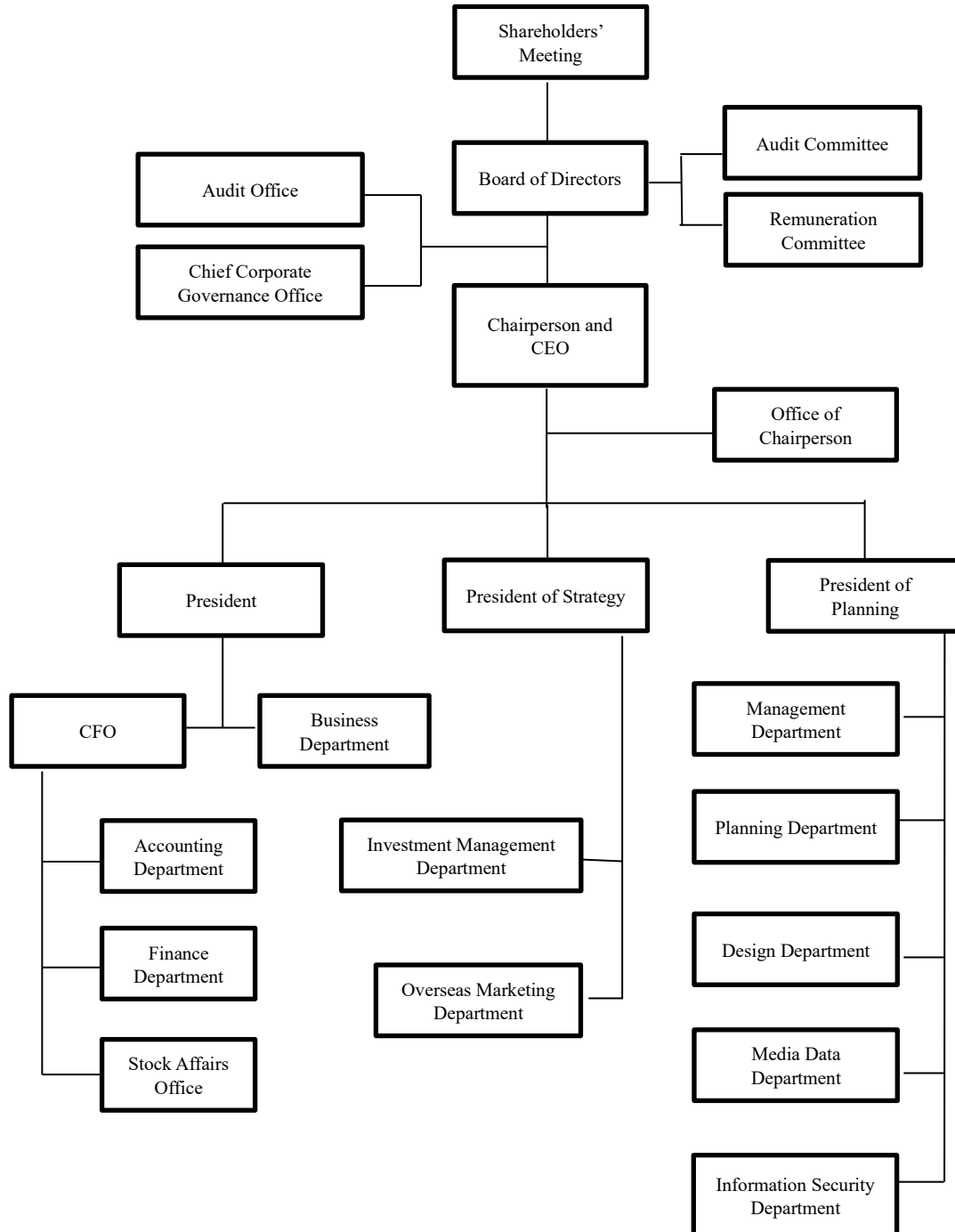
May 2013	Established Hi-Yes Construction Co., Ltd., a subsidiary of the Company, to engage in real estate sales and leasing, as well as building development, leasing and sales.
June 2013	Established Hai Xia Construction Co., Ltd., a subsidiary of the Company, to engage in real estate sales and leasing, as well as building development, leasing and sales.
July 2013	Established Yue Da Construction Co., Ltd., a sub-subsidiary of the Company, to engage in real estate sales and leasing, as well as building development, leasing and sales.
July 2013	Acquired plots in Fengming Section, Yingge District for land development at a total cost of NT\$271,790 thousand.
January 2014	Acquired plots in Fengming Section, Yingge District for land development at a total cost of NT\$130,325 thousand.
September 2014	Issued the first tranche of secured ordinary corporate bonds valuing NT\$300 million in 2014.
May 2014	The Exchange adjusted the Company's industry category from Electronic Industry to Other, which took effect on July 2015.
October 2015	13,210,461 shares of common stock were issued through private placement, with a par value of NT\$10 per share and a total amount of NT\$132,104,610. These shares were publicly traded on October 30, 2015.
April 2016	70,000,000 shares of common stock were issued through private placement, with a par value of NT\$10 per share and a total amount of NT\$700,000,000. These shares were publicly traded on April 27, 2016.
June 2016	Re-elected five directors and three supervisors upon expiry of their terms, and appointed two additional independent directors.
April 2017	Established Hai Xin International Co., Ltd., a subsidiary of the Company, to engage in real estate consignment.
September 2017	Repaid the first tranche of secured ordinary corporate bonds valuing NT\$300 million in 2014.
May 2019	Established Hai Yan Construction Co., Ltd., a subsidiary of the Company, to engage in real estate sale by proxy.
June 2019	The land development project Smile Hi-Yes in Fengming Section of Yingge District was officially sold to the public.
July 2019	Issued the first tranche of secured convertible corporate bonds valuing NT\$500 million in Taiwan. (Code: 23481; Abbreviation: Hi-Yes 1)
November 2019	Established Hai Ju Construction Co., Ltd., a subsidiary of the Company, to engage in real estate consignment.

January 2020	Established Hai Hui Construction Co., Ltd., a subsidiary of the Company, to engage in real estate sale by proxy.
April 2020	Established Hai Yu International Co., Ltd., a subsidiary of the Company, to engage in real estate consignment and brokerage.
January 2021	Obtained 2 seats of directors of Jin Yu Tai Co., Ltd., an enterprise engaged in the development of land rights. As the Company held 50.23% of its shares, Jin Yu Tai Co., Ltd. became a subsidiary of the Company.
April 2021	Established Nan Yue Construction Co., Ltd., a subsidiary of the Company, to engage in real estate sale by proxy.
September 2021	Issued 30,000 thousand shares of Class A Preferred Stocks through the issuance of common stock for cash at NT\$40 per share, with a total paid-in capital of NT\$1.2 billion. (Code: 2348A; Abbreviation: Hi-Yes Class A Preferred Stock)
December 2021	Completed the land development project Smile Hi-Yes in Fengming Section of Yingge District.
June 2022	Re-elected directors upon expiry of their terms, appointed two additional independent directors and established the Audit Committee.
December 2023	Completed the land development project in Beitun District, Taichung City, known as Dali Genesis.

Chapter 3 Corporate Governance

I. Organization

(I) Organizational Structure



(II) Business and functions of main departments:

Name	Business
Audit Office	Assist the Board of Directors and the management to inspect and review the deficiencies of internal control, and provide timely suggestions on the improvement of the internal control system to ensure its effective implementation.
Management Department	Responsible for the establishment of personnel rules and regulations, employee evaluation, management, training, welfare, general affairs, asset management, procurement and contract approval, and information system network management.
Planning Department	1. Planning and execution of marketing and advertising copywriting. 2. Creative thinking and writing of copywriting. 3. Planning and execution of design ideas and drawings. 4. Advertising media strategy and performance (including design for print ads).
Design Department	1. Evaluation and analysis of vacant land. 2. Product proposals and recommendations. 3. Collection and review of construction rules and regulations. 4. Building materials assessment and recommendations. 5. Assist legal consultations.
Media Data Department	Responsible for the R&D of data innovation and application, accurately contact clients with data media, and grasp a real-time understanding of client needs; develop big data technology, and strengthen the quality of decision-making with data.
Investment Management Department	Land development strategy proposal, analysis and calculation, land data review, project submission and contract related document review. Analysis, recommendations, and tracking management of the aforementioned investment projects.
Overseas Marketing Department	Overseas business promotion and sales.
Accounting Department	Formulation and implementation of the accounting system and matters related to accounting and taxation.
Finance Department	Financing planning, fund management and allocation, cashier operations, and planning and execution of investment activities.
Stock Affairs Office	Handling of the Company's stock affairs, convening of the shareholders' meeting, etc.
Business Department	Planning and execution of the Company's special marketing activities, review of special marketing models and handling of customer complaints.
Information Security Department	Planning and monitoring of the information security system and the execution of information security management.

II. Information on directors, supervisors, presidents, vice presidents, assistant vice presidents, heads of departments and branches:

(I) Directors and supervisors:

April 20, 2024 (share; %)

Title	Nationality or registered place	Name	Age and gender	Date of taking office	Office term	Date first elected	Shares held upon appointment		Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Major academic qualifications	Concurrent duties in the Company and in other companies	Other executives, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks	
							Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio			Title	Name	Relationship		
							Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio							
Director	R.O.C.	Fuyue Investment Co., Ltd.	-	2022.06.17	3 years	2013.03.26	15,040,000	14.13	16,764,000	14.31	-	-	-	-		Director: Xi Hua Construction Co., Ltd. Higo Digital Co., Ltd.	-	-	-	-	
							750,000	2.50	8,750,000	29.17	-	-	-	-							
	R.O.C.	Representative: Huang, Hsi-Wen	Male 61-70	2022.06.17		2013.01.28	-	-	14,955,090	12.77	2,420,700	2.07	2,695,880	2.30	Yali High School	Chairperson and CEO Director: Affiliated enterprise of the Company (Note 1) Hi-Yes Advertising Co., Ltd. Hi-Yes Construction Co., Ltd. Fuyue Investment Co., Ltd. Hanhai Investment Co., Ltd. Supervisor: Qunyu Advertising Co., Ltd. Hi-Jia Group Co., Ltd.	Director	Huang, Han	Father and son	-	
							-	-	-	-	-	-	-	-							
	R.O.C.	Representative: Tseng, Chun-Sheng	Male 61-70	2022.06.17		2013.01.28	-	-	7,954,210	6.79	2,635,960	2.25	4,815,520	4.11	Master of Accounting, Mississippi State University, USA	President of Strategy Director: Affiliated enterprise of the Company (Note 1) Hi-Jia Group Co., Ltd. Xi Hua Construction Co., Ltd. Taiji Investment Co., Ltd. Baoyue Development and Construction Co., Ltd. Dacheng Advertising Co., Ltd. Supervisor: Hi-Yes Advertising Co., Ltd. Fuyue Investment Co., Ltd. Shengyue Investment Co., Ltd. Hi-Yes Construction Co., Ltd.	-	-	-	-	
							-	-	-	-	-	-	-	-							
		R.O.C.	Representative: Wang, Chun-Chieh	Male 51-60		2022.06.17	2013.01.28	-	-	9,948,410	8.50	2,502,280	2.14	-	-	Master of Civil Engineering, National Taiwan University	President Director: Affiliated enterprise of the Company (Note 1) Qunyu Advertising Co., Ltd. Hi-Yes Real Estate Development Co., Ltd. Dingyue Investment Co., Ltd. Heyue Investment Co., Ltd. Hi-Yes Advertising Co., Ltd. Xinchuan Advertising Co., Ltd. Haiye Construction Co., Ltd. Jusheng Construction Co., Ltd. Jusheng International Co., Ltd. Shenghua Development Co., Ltd. Hongsheng Real Estate Co., Ltd. Jin Yu Tong Co., Ltd. JP Vendome Co., Ltd.	-	-	-	-
							-	-	191,000	0.64	-	-	-	-							

Title	Nationality or registered place	Name	Age and gender	Date of taking office	Office term	Date first elected	Shares held upon appointment		Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Major academic qualifications	Concurrent duties in the Company and in other companies	Other executives, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio			Title	Name	Relationship	
							Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio						
	R.O.C.	Representative: Lin, Fu-Cheng	Male 51-60	2022.06.17	3 years	2013.01.28	-	-	7,018,000	5.99	2,303,840	1.97	-	-	Department of International Business, Feng Chia University	President of Planning Director: Affiliated enterprise of the Company (Note 1) Xiafei Advertising Co., Ltd. Hi-Yes Advertising Co., Ltd. Haiju Construction Co., Ltd. Supervisor: Hi-Yes Real Estate Development Co., Ltd.	-	-	-	-
							-	-	-	-	-	-	-	-						
	R.O.C.	Representative: Huang, Han	Male 31-40	2022.06.17		2022.06.17	-	-	3,386,600	2.89	-	-	-	-	Master of Management, Cheung Kong Graduate School of Business Special Assistant to the Chairperson of Hi-Yes International Co., Ltd.	Chairperson of Humble Investments Ltd. Chairperson of Higo Digital Co., Ltd.	Director	Huang, Hsi-Wen	Father and son	-
							-	-	75,000	0.25	-	-	-	-						
Director	R.O.C.	Jendan Investment Inc.	-	2022.06.17	3 years	2013.03.26	386,811	0.36	425,492	0.36	-	-	-	-		Director: Deutron Electronics Corporation TrendForce Corporation Beautimode Corporation AI Medical Technology Corporation Powerchip Investment Holding Corporation BioGate Precision Medicine Corp. Powerchip Semiconductor Manufacturing Corporation Powercoin Technology Corporation Hi-Yes International Co., Ltd. Supervisor: Teknowledge Development Corp.	-	-	-	-
							87,200	0.29	87,200	0.29	-	-	-	-						
	R.O.C.	Representative: Huang, Shu-Mei	Female 61-70	2022.06.17		2016.12.07	-	-	-	-	-	-	-	-	Master of Management, National Taiwan University of Science and Technology Vice President and CFO of Powerchip Investment Holding Corporation Chairperson of Jendan Investment Inc.	Director: Jendan Investment Inc. Deutron Electronics Corporation Zhili Investment Co., Ltd. Teknowledge Development Corp. Beautimode Corporation Supervisor: TrendForce Corporation Synage Technology Corporation Liyu Venture Capital Co., Ltd. ATBS Technology Co., Ltd. Powerchip Micro Device Corporation	-	-	-	-
							-	-	-	-	-	-	-	-						
Director	R.O.C.	Representative: Hsieh, Ming-Lin	Male 51-60	2024.07.01	3 years	2023.07.01	-	-	-	-	-	-	-	-	Master, Graduate School of Business Administration, National Taiwan University	Director (Legal Representative): Powercoin Technology Corporation Powerchip Investment Holding Corporation Li Hsin Investment Corp.				

Title	Nationality or registered place	Name	Age and gender	Date of taking office	Office term	Date first elected	Shares held upon appointment		Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Major academic qualifications	Concurrent duties in the Company and in other companies	Other executives, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio			Title	Name	Relationship	
							Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio						
							-	-	-	-	-	-	-	President of Powerchip Investment Holding Corporation	AP Memory Technology Corporation AI Medical Technology Corporation PowerWorld Capital Management Syntrox Corporation Quantum Vision Corporation Teknowledge Development Corp. Powerax Quantum Electronic Corporation Skyvision Aviation Corp. Hi-Yes International Co., Ltd. Innostar Service Inc. Director: Lonex Holding Limited Nexchip Semiconductor Corporation Independent Directors: iCatch Technology, Inc. General manager: Powerchip Investment Holding Corporation Supervisor (Legal Representative): Global Investment Holdings A I Memory Corporation					
Director	R.O.C.	Yanwen Asset Management Consulting Co., Ltd.	-	2022.06.17	3 years	2022.06.17	70,000	0.07	77,000	0.07	-	-	-	-		Director: Shengzheng Environmental Biotechnology Co., Ltd. eChem Solutions Corp. Shiny Brands Group Co., Ltd. Cheng Mei Materials Technology Corporation Teletrx Co. HonChen Semicon Technology Co., Ltd. Gunitech Corp. Supervisor: Juxing Wenchuang Entertainment Co., Ltd. BE Epitaxy Semiconductor Technology Co., Ltd.	-	-	-	-
							-	-	-	-	-	-	-							
	R.O.C.	Representative: Chan, Wen-Hsiung	Male 51-60	2022.06.17	2016.06.02		-	-	-	-	-	-	77,000	0.07	Master of International Business Administration, National Taiwan University Chairman and CEO of eChem Solutions Corp. Director and Chief Strategy Officer of iCatch Technology Inc.	Chairman and CEO of eChem Solutions Corp. Director: iCatch Technology, Inc. Sunplus Technology Co., Ltd. Ability Enterprise Co., Ltd. Oleader Technologies, Co., Ltd. Guangzhou Echem Trading Co., Ltd. Yanwen Asset Management Consulting Co., Ltd. SCIWIN Laboratories Co., Ltd. Independent Directors: Biostar Microtech Int'l Corp. Nien Hsing Textile Co., Ltd. Champion Microelectronic Corp. Elitegroup Computer Systems Co.,Ltd.	-	-	-	-
							-	-	-	-	-	-	-							

Title	Nationality or registered place	Name	Age and gender	Date of taking office	Office term	Date first elected	Shares held upon appointment		Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Major academic qualifications	Concurrent duties in the Company and in other companies	Other executives, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio			Title	Name	Relationship	
							Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio						
Director	R.O.C.	Wan Century World Co., Ltd.	-	2022.06.17	3 years	2022.06.17	8,000	0.01	8,800	0.01	-	-	-	-			-	-	-	-
	R.O.C.	Representative: Lu, Lien-Sheng	Male 71-80	2022.06.17		2013.03.26	-	-	121,000	0.10	-	-	8,800	0.01	Master, Accounting Institute, Soochow University	CPA of Deloitte Taiwan Chairperson of Wan Century World Co., Ltd.	-	-	-	-
							-	-	-	-	-	-	-	-	Adjunct Associate Professor, National Taiwan University Adjunct Associate Professor, National Chengchi University					
Director	R.O.C.	Chiang, Ju-Jung	Female 51-60	2022.06.17	3 years	2013.03.26	110,000	0.10	121,000	0.10					Doctor of Juris Science, National Taiwan University	Lawyer of Formosan Brothers Attorneys-at-Law	-	-	-	-
Independent Director	R.O.C.	Huang, Chih-Tien	Male 61-70	2022.06.17	3 years	2016.06.02	-	-	-	-	-	-	-	-	Ph.D. in Economics, University of Wisconsin-Madison, USA	Associate Professor of International Business, College of Management, National Taiwan University	-	-	-	-
							-	-	-	-	-	-	-	-						
Independent Director	R.O.C.	Chen, Wen-Tsung	Male 71-80	2022.06.17	3 years	2018.06.21	-	-	-	-	-	-	-	-	Master of Law, Soochow University Master of Business Administration, Rider University, USA	Independent Directors: Grand Pacific Petrochemical Corporation Advancetek Enterprise Co. Ltd.	-	-	-	-
							-	-	-	-	-	-	-	-						
Independent Director	R.O.C.	Ma, Chia-Ying	Male 61-70	2022.06.17	3 years	2022.06.17	-	-	-	-	-	-	-	-	Ph. D. in Business and Economics, Lehigh University, USA Master of Accounting, Utah State University, USA Director of Research and Development, Soochow University Head, Department of Accounting, Soochow University Adjunct Professor, Department of Public Finance, National Chengchi University	Professor, Department of Accounting, Soochow University Director (legal representative) of Union Insurance Co., Ltd. Independent Directors: RichWave Technology Corp. TSC Auto ID Technology Co., Ltd. Medeon Biodesign, Inc.	-	-	-	-
							-	-	-	-	-	-	-	-						

Title	Nationality or registered place	Name	Age and gender	Date of taking office	Office term	Date first elected	Shares held upon appointment		Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Major academic qualifications	Concurrent duties in the Company and in other companies	Other executives, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio						
							Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	R.O.C.	Li, Hsin-Hsin	Female 51-60	2022.06.17	3 years	2022.06.17	-	-	-	-	-	-	-	-	EMBA in Finance, National Taiwan University Special Assistant to Chairperson of Egis Technology Inc. Partner of iD Brand Management Consulting Co., Ltd. Special Assistant to Chairperson of iD SoftCapital Group	Chairperson: Kiwi technology Inc. Twenty-second Century Capital Management Consulting Co., Ltd. Thinktop Capital Management Inc. Neo One Capital Inc. Director: Director of Kiwi Technology Inc. sMedio, Inc. eChem Solutions Corp. (Legal representative) Independent Directors: Silicon Optronics, Inc.	-	-	-	-
							-	-	-	-	-	-	-	-						

Note 1: Please refer to the relevant information on affiliated enterprises in the Annual Report (P.271).

Note 2: Jendan Investment Inc. has reassigned its representative, and the data of the former representative, Shu-Mei Huang, is recorded until June 30, 2023.

Note 3: If the chairperson, president, or person holding an equivalent position (top manager) of the Company and a person in any of those positions are the same person, spouses, or relatives within the first degree of kinship, the information on reasons, rationality, necessity and countermeasures shall be provided.

1. Rationality and necessity: With nearly 30 years of experience in the real estate consignment, Huang, Hsi-Wen, Chairperson of the Company, has unique and precise professional insights into market trends and product planning. He has also led the Company to implement innovative reforms ahead of schedule, expand the business scope, and improve corporate performance year by year. Therefore, it is necessary and reasonable for the Board of Directors to appoint him as the CEO of the Company.
2. Countermeasures: In accordance with Article 4 of the Guidelines for the Establishment and Exercise of Functions and Powers of the Board of Directors of Listed Companies, the Company has appointed four independent directors before December 31, 2023, and more than half of the directors do not concurrently serve as employees or managers, to strengthen the effectiveness of supervision by the Board of Directors.

1-1. Major shareholders of corporate shareholders and the Major shareholders of corporate shareholders being the principal shareholders of the legal persons

April 20, 2024

Name of the legal person as corporate director	Major shareholders and shareholding ratio		Major shareholders and shareholding ratio of major shareholders who are legal persons	
	Name of shareholder	Shareholding ratio	Name of shareholder	Shareholding ratio
Fuyue Investment Co., Ltd.	Huang, Hsi-Wen	35%	N/A	N/A
	Tseng, Chun-Sheng	25%		
	Wang, Chun-Chieh	20%		
	Lin, Fu-Cheng	20%		
Jendan Investment Inc.	Huang, Yu-Hsiu	0.08%	N/A	N/A
	Huang, Chung-Jen	99.92%		
Yanwen Asset Management Consulting Co., Ltd.	Huang, Yu-Ching	0.14%	N/A	N/A
	Chen, Mei-Ling	19.89%	N/A	N/A
	Chan, Wen-Ho	8.56%	N/A	N/A
	Chan, Yen-An	19.89%	N/A	N/A
	Chan, Wen-Hsiung	20.17%	N/A	N/A
	Taiwan LafE Co., Ltd.	31.35%	Chan, Wen-Hsiung	18.42%
			Chan, Wen-Ho	0.53%
			Chen, Mei-Ling	21.05%
			Chan, Yen-An	15.79%
			Chan, Yen-Kai	15.79%
Wan Century World Co., Ltd.	Lu, Lien-Sheng	45.00%	N/A	N/A
	Chen, Chun-Ying	10.00%		
	Lu, Hsin-Jung	25.00%		
	Lu, Hsin-Min	15.00%		
	Lu, Hsin-Pai	5.00%		

1-2. Disclosure of information on professional qualifications of directors and independence of independent directors

Condition Name	Professional qualifications and experience	Independence (Note 2)	Number of companies the person serves as an independent director
Chairperson Huang, Hsi-Wen	He has more than five years of working experience required by the Company, and currently serves as the Chairperson and CEO of the Company.	Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A
Director Tseng, Chun-Sheng	He has more than five years of working experience required by the Company, and currently serves as the President of Strategy of the Company.	Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A
Director Wang, Chun-Chieh	He has more than five years of working experience required by the Company, and currently serves as the President of the Company.	Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A
Director Lin, Fu-Cheng	He has more than five years of working experience required by the Company, and currently serves as the President of Planning of the Company.	Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A
Director Huang, Han	He has more than five years of working experience required by the Company, and currently serves as the Chairperson of Higo Digital Co., Ltd.	Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A
Director Huang, Shu-Mei	She has more than five years of working experience required by the Company. She is currently the Chairperson of Jendan Investment Inc., and the Vice President and CFO of Powerchip Investment Holding Corporation.	Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A
Director Hsieh, Ming-Lin	He has more than five years of working experience required by the Company, and currently serves as the President of Powerchip Investment Holding Corporation.	Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	1
Director Chan, Wen-Hsiung	He has more than five years of working experience required by the Company. Used to serve as the Director and Chief Strategic Officer of iCatch Technology Inc. Currently serving as the Chairman and CEO of eChem Solutions Corp.	Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	4

Condition Name	Professional qualifications and experience	Independence (Note 2)	Number of companies the person serves as an independent director
Director Lu, Lien-Sheng	He has more than five years of working experience required by the Company, and currently serves as CPA of Deloitte Taiwan and Adjunct Associate Professor at the National Taiwan University and National Chengchi University.	Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A
Director Chiang, Ju-Jung	He has more than five years of working experience required by the Company, and currently serves as the Lawyer of Formosan Brothers Attorneys-at-Law.	Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	N/A
Independent Director Huang, Chih-Tien	He has more than five years of working experience required by the Company, and currently serves as the Associate Professor of International Business, College of Management, National Taiwan University.	1. Not an employee of the Company or its affiliates. 2. Not a director or supervisor of the Company or its affiliates. 3. Shareholders holding more than 1% of the total issued shares of the company under another name except him/herself, his/her spouse or children (minor). Those holding such amount of shares on behalf of others; or the top 10 natural person shareholders.	N/A
Independent Director Chen, Wen-Tsung	He has more than five years of working experience required by the Company, and used to serve as the Director of the National Taxation Bureau of the Northern Area, the Deputy Director of the National Taxation Bureau of Taipei, the Deputy Director of the National Taxation Bureau of Kaohsiung, and the Chairperson of Taiwan Financial Asset Service Corporation.	4. Not (1) a professional manager listed, a spouse, relative of second degree or closer, or direct blood relative of third degree or closer to any person listed in (2), (3). 5. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act: N/A.	2
Independent Director Ma, Chia-Ying	He has more than five years of working experience required by the Company, and used to serve as the Director of Research and Development at Soochow University and the Chairperson of the Department of Accounting at Soochow University. He is currently a full-time professor in the Department of Accounting at Sooku University.	6. A majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company: N/A. 7. The chairperson, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution: N/A.	3

Condition Name	Professional qualifications and experience	Independence (Note 2)	Number of companies the person serves as an independent director
Independent Director Li, Hsin-Hsin	She has more than five years of working experience required by the Company, and used to serve as the Special Assistant to chairperson of Egis Technology Inc., the Partner of iD Brand Management Consulting Co., Ltd., and the Special Assistant to Chairperson of iD SoftCapital Group. She is currently the chairperson of Kiwi Technology Inc., chairperson of Twenty-second Century Capital Management Consulting Co., Ltd., and Chairperson of Thinktop Capital Management Inc.	8. A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company: N/A. 9. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or its affiliates, or that provides commercial, legal, financial, accounting or related services to the Company or its affiliates for which the provider in the past 2 years has received compensation, or a spouse thereof: N/A. 10. Not a spouse or relative of second degree or closer to any other directors. 11. Does not meet the criteria listed in any Sections of Article 30 of the Company Act. 12. Not a representative in the name of a government, institution, or its representative as defined in Article 27 of the Company Law.	1

Note: Jendan Investment Inc. has reassigned its representative, and the data of the former representative, Shu-Mei Huang, is recorded until June 30, 2023.

2. Diversity and independence of the Board of Directors:

Pursuant to Article 20 of the Company's Corporate Governance Best Practice Principles, the composition of the Board of Directors shall be diverse. To implement the diversity of the board members, the Company shall formulate appropriate diversity guidelines for the relevant operation, business pattern and development needs, including but not limited to the following content:

- (1) Basic conditions and values: gender, age, nationality, culture, etc.
- (2) Professional knowledge and skills: the ability to make judgments about operations, accounting and financial analysis skills, business management ability, crisis management capability, knowledge of the industry, an international market view, leadership and decision-making ability.

The Company's current Board of Directors consists of 13 directors, including 4 independent directors, with 38% of the directors concurrently serving as employees. The proportion of independent directors is 30%, the proportion of female directors is 15% , and none of the independent directors have served more than three terms.

Implementation of the diversity policy for board members:

Title	Name	Gender	Age				Term of office of independent directors (3-9 years)	Professional knowledge and skills:				
			31-40	51-60	61-70	71-80		Knowledge of the industry	Business management ability	Leadership and decision-making ability	Crisis management capability	Accounting and financial analysis skills
Chairperson	Huang, Hsi-Wen	Male			V			V	V	V	V	
Director	Wang, Chun-Chieh	Male		V				V	V	V	V	
Director	Tseng, Chun-Sheng	Male			V			V	V	V	V	
Director	Lin, Fu-Cheng	Male		V				V	V	V	V	
Director	Huang, Han	Male	V					V	V	V	V	
Director	Huang, Shu-Mei	Female			V				V	V	V	V
Director	Hsieh, Ming-Lin	Male		V					V	V	V	V
Director	Chan, Wen-Hsiung	Male		V				V	V	V	V	V
Director	Lu, Lien-Sheng	Male				V		V	V	V	V	V
Director	Chiang, Ju-Jung	Female		V				V	V	V	V	
Independent Director	Huang, Chih-Tien	Male			V		V		V	V	V	V
Independent Director	Chen, Wen-Tsung	Male				V	V		V	V	V	V
Independent Director	Ma, Chia-Ying	Male			V				V	V	V	V
Independent Director	Li, Hsin-Hsin	Female		V					V	V	V	V

Note: Jendan Investment Inc. has reassigned its representative, and the data of the former representative, Shu-Mei Huang, is recorded until June 30, 2023.

(II) Information of President, Vice President, Assistant Manager, Managers of Departments and Branches

April 20, 2024

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (educational background)	Concurrent duties in other companies (Note 1)	Has a spouse or a relative within the second degree of kinship who is the Company's manager			Remarks Note 2
					Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio						
					Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio			Title	Name	Relationship	
CEO	R.O.C.	Huang, Hsi-Wen	Male	2013.04.03	14,955,090	12.77	2,420,700	2.07	2,695,880	2.30	Yali High School	Director: Hi-Yes Advertising Co., Ltd. Hi-Yes Construction Co., Ltd. Fuyue Investment Co., Ltd. Hanhai Investment Co., Ltd. Supervisor: Qunyue Advertising Co., Ltd. Hi-Jia Group Co., Ltd.	-	-	-	-
					-	-	-	-	-	-						
President	R.O.C.	Wang, Chun-Chieh	Male	2013.04.03	9,948,410	8.50	2,502,280	2.14	-	-	Master of Civil Engineering, National Taiwan University	Director: Qunyue Advertising Co., Ltd. Hi-Yes Real Estate Development Co., Ltd. Dingyue Investment Co., Ltd. Heyue Investment Co., Ltd. Hi-Yes Advertising Co., Ltd. Xinchuan Advertising Co., Ltd. Haiye Construction Co., Ltd. Jusheng Construction Co., Ltd. Jusheng International Co., Ltd. Shenghua Development Co., Ltd. Hongsheng Real Estate Co., Ltd. Jin Yu Tong Co., Ltd. JP Vendome Co., Ltd.	-	-	-	-
					191,000	0.64	-	-	-	-						

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (educational background)	Concurrent duties in other companies (Note 1)	Has a spouse or a relative within the second degree of kinship who is the Company's manager			Remarks Note 2
					Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio						
					Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio			Title	Name	Relationship	
President of Strategy	R.O.C.	Tseng, Chun-Sheng	Male	2013.04.03	7,954,210	6.79	2,635,960	2.25	4,815,520	4.11	Master of Accounting, Mississippi State University, USA	Director: Hi-Jia Group Co., Ltd. Xi Hua Construction Co., Ltd. Taiji Investment Co., Ltd. Baoyue Development and Construction Co., Ltd. Dacheng Advertising Co., Ltd. Supervisor: Hi-Yes Advertising Co., Ltd. Fuyue Investment Co., Ltd. Shengyue Investment Co., Ltd. Hi-Yes Construction Co., Ltd.	-	-	-	-
					-	-	-	-	-	-						
President of Planning	R.O.C.	Lin, Fu-Cheng	Male	2013.04.03	7,018,000	5.99	2,303,840	1.97	-	-	Department of International Business, Feng Chia University	Director: Xiafei Advertising Co., Ltd. Hi-Yes Advertising Co., Ltd. Haiju Construction Co., Ltd. Supervisor: Hi-Yes Real Estate Development Co., Ltd.	-	-	-	-
					-	-	-	-	-	-						

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (educational background)	Concurrent duties in other companies (Note 1)	Has a spouse or a relative within the second degree of kinship who is the Company's manager			Remarks Note 2
					Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio	Number of common shares	Shareholding ratio						
					Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio	Number of preferred shares	Shareholding ratio			Title	Name	Relationship	
Vice President	R.O.C.	Huang Chiang - Huang	Male	2013.04.03	-	-	-	-	-	-	Master of Finance, National Taiwan University Chief of Finance and Accounting Department, eChem Solutions Corp.	Director of Cheng Mei Materials Technology Corporation Independent Director of Epileds Technologies Inc. Director of Jin Yu Tong Co., Ltd.	-	-	-	-
					-	-	-	-	-	-						
Vice President of Media Data Department	R.O.C.	Cheng, Kai-Wen	Male	2020.05.13	-	-	1,210	0.00	-	-	Master of Information Management, Yuan Ze University COO of Ecoclick Technology Co., Ltd. COO of Online Marketing Department, Tsannkuen Co., Ltd.	Strategic Consultant of Ecoclick Technology Co., Ltd Head of Purigin CO., LTD	-	-	-	-
					26,000	0.09	247	0.00	-	-						
Vice President of Investment Management Department	R.O.C.	Lin, Ching-Yi	Female	2022.06.02	1,210	0.00	-	-	-	-	Master of Business Administration, National Taipei University of Business Special Assistant to the Chairperson of Hi-Yes Advertising Co., Ltd.		-	-	-	-
					-	-	-	-	-	-						
Chief Accounting Officer	R.O.C.	Kao, Ping-Chih	Female	2021.04.20	9,050	0.01	-	-	-	-	Department of Accounting, Yuan Ze University Assistant Manager of Unimicron Technology Corp.		-	-	-	-
					25,000	0.08	-	-	-	-						

Note 1: Please refer to the relevant information on the manager who concurrently serves as the chairperson, director, and supervisor of the Company's affiliate enterprise (P.271).

Note 2: If the president or person holding an equivalent position (top manager) of the Company and a person in any of those positions are the same person, spouses, or relatives within the first degree of kinship, the information on reasons, rationality, necessity and countermeasures (such as increasing the number of independent directors and having more than half of the directors not concurrently serving as employees or managers) shall be provided.

1. Rationality and necessity: With nearly 30 years of experience in the real estate consignment, Huang, Hsi-Wen, Chairperson of the Company, has unique and precise professional insights into market trends and product planning. He has also led the Company to implement innovative reforms ahead of schedule, expand the business scope, and improve corporate performance year by year. Therefore, it is necessary and reasonable for the Board of Directors to appoint him as the CEO of the Company.
2. Countermeasures: In accordance with Article 4 of the Guidelines for the Establishment and Exercise of Functions and Powers of the Board of Directors of Listed Companies, the Company has appointed four independent directors before December 31, 2023, and more than half of the directors do not concurrently serve as employees or managers, to strengthen the effectiveness of supervision by the Board of Directors.

Note 3: Cheng, Kai-Wen, Vice President of Media Data Department, resigned on March 3, 2023. Therefore, the data statistics are up to that date.

III. Remuneration paid to directors, presidents, and vice presidents in the most recent fiscal year:

(I) Remuneration of Ordinary Directors and Independent Directors

Unit: NT\$ thousand; %

Title	Name	Remuneration of Directors								Sum of A, B, C, and D as a percentage of net income after tax		Relevant remuneration received by directors who are also concurrently employed employees								Sum of A, B, C, D, E, F and G as a percentage of net income after tax		Remuneration received from reinvestment business (excluding the subsidiaries) or the parent company			
		Remuneration (A)		Resignation/retirement pension (B)		Director remuneration (C) (Note 1)		Business execution expenses (D)				Salaries, bonuses, and special allowances (E)		Resignation/retirement pension (F)		Employees' remuneration (G) (Note 2)									
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report				
Director	Fuyue Investment Co., Ltd.	-	-	-	-	10,703	10,703	-	-	10,703 0.6466	10,703 0.6466	-	-	-	-	-	-	-	-	10,703 0.6466	10,703 0.6466	N/A			
	Representative: Huang, Hsi-Wen	-	-	-	-	-	-	30	30	30 0.0018	30 0.0018	17,810	17,810	-	-	3,853	-	3,853	-	21,693 1.3105	21,693 1.3105	N/A			
	Representative: Tseng, Chun-Sheng	-	-	-	-	-	-	36	36	36 0.0022	36 0.0022	13,022	13,022	-	-	2,752	-	2,752	-	15,810 0.9551	15,810 0.9551	N/A			
	Representative: Wang, Chun-Chieh	-	-	-	-	-	-	36	36	36 0.0022	36 0.0022	11,348	11,948	-	36	2,201	-	2,201	-	13,585 0.8207	14,221 0.8591	N/A			
	Representative: Lin, Fu-Cheng	-	-	-	-	-	-	42	42	42 0.0025	42 0.0025	10,988	10,988	-	-	2,201	-	2,201	-	13,231 0.7993	13,231 0.7993	N/A			
	Representative: Huang, Han	-	-	-	-	-	-	42	42	42 0.0025	42 0.0025	-	-	-	-	-	-	-	-	42 0.0025	42 0.0025	N/A			
	Jendan Investment Inc.	-	-	-	-	2,140	2,140	-	-	2,140 0.1293	2,140 0.1293	-	-	-	-	-	-	-	-	2,140 0.1293	2,140 0.1293	N/A			
	Representative: Huang, Shu-Mei	-	-	-	-	-	-	18	18	18 0.0011	18 0.0011	-	-	-	-	-	-	-	-	18 0.0011	18 0.0011	N/A			
	Representative: Hsieh, Ming-Lin	-	-	-	-	-	-	24	24	24 0.0014	24 0.0014	-	-	-	-	-	-	-	-	24 0.0014	24 0.0014	N/A			
	Yanwen Asset Management Consulting Co., Ltd.	-	-	-	-	2,140	2,140	-	-	2,140 0.1293	2,140 0.1293	-	-	-	-	-	-	-	-	2,140 0.1293	2,140 0.1293	N/A			
	Representative: Chan, Wen-Hsiung	-	-	-	-	-	-	42	42	42 0.0025	42 0.0025	-	-	-	-	-	-	-	-	42 0.0025	42 0.0025	N/A			
	Wan Century World Co., Ltd.	-	-	-	-	2,140	2,140	-	-	2,140 0.1293	2,140 0.1293	-	-	-	-	-	-	-	-	2,140 0.1293	2,140 0.1293	N/A			
	Representative: Lu, Lien-Sheng	-	-	-	-	-	-	48	48	48 0.0029	48 0.0029	-	-	-	-	-	-	-	-	48 0.0029	48 0.0029	N/A			
	Chiang, Ju-Jung	-	-	-	-	2,140	2,140	42	42	2,182 0.1318	2,182 0.1318	-	-	-	-	-	-	-	-	2,182 0.1318	2,182 0.1318	N/A			

Title	Name	Remuneration of Directors								Sum of A, B, C, and D as a percentage of net income after tax		Relevant remuneration received by directors who are also concurrently employed employees								Sum of A, B, C, D, E, F and G as a percentage of net income after tax		Remuneration received from reinvestment business (excluding the subsidiaries) or the parent company
		Remuneration (A)		Resignation/retirement pension (B)		Director remuneration (C) (Note 1)		Business execution expenses (D)				Salaries, bonuses, and special allowances (E)		Resignation/retirement pension (F)		Employees' remuneration (G) (Note 2)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
																Cash amount	Share value	Cash amount	Share value			
Independent Director	Huang, Chih-Tien	720	720	-	-	-	-	120	120	840.0507	840.0507	-	-	-	-	-	-	-	-	840.0507	840.0507	N/A
	Chen, Wen-Tsung	720	720	-	-	-	-	120	120	840.0507	840.0507	-	-	-	-	-	-	-	-	840.0507	840.0507	N/A
	Ma, Chia-Ying	720	720	-	-	-	-	120	120	840.0507	840.0507	-	-	-	-	-	-	-	-	840.0507	840.0507	N/A
	Li, Hsin-Hsin	720	720	-	-	-	-	102	102	840.0507	840.0507	-	-	-	-	-	-	-	-	840.0507	840.0507	N/A
Total		2,880	2,880	-	-	19,263	19,263	822	822	22,965.13873	22,965.13873	53,168	53,768	-	36	11,007	-	11,007	-	87,140.52641	87,776.53025	

Note 1: The employee remuneration (including stock and cash) obtained by directors who concurrently serve as employees (including presidents, vice presidents, other managers and employees) in the most recent year shall disclose the amount of employee remuneration distributed by the Board of Directors in the most recent year. If it fails to be estimated, the proposed distribution amount for the current year shall be calculated based on the actual distribution amount last year.

Note 2: Jendan Investment Inc. has reassigned its representative, and the data of the former representative, Shu-Mei Huang, is recorded until June 30, 2023.

Table of Remuneration Ranges

Range of remuneration paid to the Company's directors	Name of Director							
	Sum of A, B, C, and D				Sum of A, B, C, D, E, F and G			
	The Company		All companies in the financial report		The Company		All companies in the financial report	
Less than NT\$1,000,000	Huang, Hsi-Wen	Tseng, Chun-Sheng	Huang, Hsi-Wen	Tseng, Chun-Sheng	Huang, Han	Huang, Shu-Mei	Huang, Han	Huang, Shu-Mei
	Wang, Chun-Jung	Lin, Fu-Cheng	Wang, Chun-Jung	Lin, Fu-Cheng	Lu, Lien-Sheng	Chan, Wen-Hsiung	Lu, Lien-Sheng	Chan, Wen-Hsiung
	Huang, Han	Huang, Shu-Mei	Huang, Han	Huang, Shu-Mei	Hsieh, Ming-Lin	Huang, Chih-Tien	Hsieh, Ming-Lin	Huang, Chih-Tien
	Lu, Lien-Sheng	Chan, Wen-Hsiung	Lu, Lien-Sheng	Chan, Wen-Hsiung	Chen, Wen-Tsung	Ma, Chia-Ying	Chen, Wen-Tsung	Ma, Chia-Ying
	Hsieh, Ming-Lin	Huang, Chih-Tien	Hsieh, Ming-Lin	Huang, Chih-Tien	Li, Hsin-Hsin		Li, Hsin-Hsin	
	Chen, Wen-Tsung	Ma, Chia-Ying	Chen, Wen-Tsung	Ma, Chia-Ying				
	Li, Hsin-Hsin		Li, Hsin-Hsin					
NT\$1,000,000 (inclusive)– NT\$2,000,000 (exclusive)								
NT\$2,000,000 (inclusive)– NT\$3,500,000 (exclusive)	Jendan Investment Inc. Wan Century World Co., Ltd. Yanwen Asset Management Consulting Co., Ltd. Chiang, Ju-Jung	Jendan Investment Inc. Wan Century World Co., Ltd. Yanwen Asset Management Consulting Co., Ltd. Chiang, Ju-Jung	Jendan Investment Inc. Wan Century World Co., Ltd. Yanwen Asset Management Consulting Co., Ltd. Chiang, Ju-Jung	Jendan Investment Inc. Wan Century World Co., Ltd. Yanwen Asset Management Consulting Co., Ltd. Chiang, Ju-Jung	Jendan Investment Inc. Wan Century World Co., Ltd. Yanwen Asset Management Consulting Co., Ltd. Chiang, Ju-Jung	Jendan Investment Inc. Wan Century World Co., Ltd. Yanwen Asset Management Consulting Co., Ltd. Chiang, Ju-Jung	Jendan Investment Inc. Wan Century World Co., Ltd. Yanwen Asset Management Consulting Co., Ltd. Chiang, Ju-Jung	Jendan Investment Inc. Wan Century World Co., Ltd. Yanwen Asset Management Consulting Co., Ltd. Chiang, Ju-Jung
NT\$3,500,000 (inclusive)– NT\$5,000,000 (exclusive)								
NT\$5,000,000 (inclusive)– NT\$10,000,000 (exclusive)					Tseng, Chun-Sheng Lin, Fu-Cheng	Wang, Chun-Jung	Tseng, Chun-Sheng Lin, Fu-Cheng	Wang, Chun-Jung
NT\$10,000,000 (inclusive)– NT\$15,000,000 (exclusive)	Fuyue Investment Co., Ltd.	Fuyue Investment Co., Ltd.	Fuyue Investment Co., Ltd.	Fuyue Investment Co., Ltd.	Fuyue Investment Co., Ltd.	Fuyue Investment Co., Ltd.	Fuyue Investment Co., Ltd.	Fuyue Investment Co., Ltd.
NT\$15,000,000 (inclusive)– NT\$30,000,000 (exclusive)					Huang, Hsi-Wen		Huang, Hsi-Wen	
NT\$30,000,000 (inclusive)– NT\$50,000,000 (exclusive)								
NT\$50,000,000 (inclusive)– NT\$100,000,000 (exclusive)								
Over NT\$100,000,000								
Total	18		18		18		18	

Note: Jendan Investment Inc. has reassigned its representative, and the data of the former representative, Shu-Mei Huang, is recorded until June 30, 2023.

(II) The remuneration of presidents and vice presidents/the remuneration of the top five highest paid executives

Unit: NT\$ thousand

Title	Name	Compensation (A)		Resignation/retirement pension (B)		Bonuses, and special allowances (C)		Employees' remuneration (D) (Note 1)				Sum of A, B, C, and D as a percentage (%) of net income after tax		Remuneration received from reinvestment business (excluding the subsidiaries) or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Share value	Cash amount	Share value			
CEO	Huang, Hsi-Wen	3,571	3,571			14,239	14,239	3,853	-	3,853	-	21,663 1.3087	21,663 1.3087	N/A
President	Wang, Chun-Chieh	3,211	3,811	-	36	8,137	8,137	2,201	-	2,201	-	13,549 0.8185	14,185 0.8569	N/A
President of Strategy	Tseng, Chun-Sheng	2,851	2,851			10,171	10,171	2,752	-	2,752	-	15,774 0.9529	15,774 0.9529	N/A
President of Planning	Lin, Fu-Cheng	2,851	2,851			8,137	8,137	2,201	-	2,201	-	13,189 0.7967	13,189 0.7967	N/A
Vice President	Huang Chiang-Huang	2,065	2,257	108	120	4,576	4,576	1,461	-	1,461	-	8,210 0.4960	8,414 0.5083	N/A

Note 1: It shall list the amount of employee remuneration (including stock and cash) distributed to the presidents and vice presidents approved by the Board of Directors in the most recent year. If it fails to be estimated, the proposed distribution amount for the current year shall be calculated based on the actual distribution amount last year. Net profit after tax refers to the net profit after tax for the most recent fiscal year; for those adopting International Financial Reporting Standards, net profit after tax refers to the net profit after tax in the individual or separate financial statements for the most recent fiscal year.

Table of Remuneration Ranges

Range of remuneration paid to the Company's presidents and vice presidents	Name of President and Vice President	
	The Company	All companies in the financial report
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)	Huang Chiang-Huang	Huang Chiang-Huang
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)	Wang Junjie / Lin Fuzheng	Wang Junjie / Lin Fuzheng
NT\$15,000,000 (inclusive)–NT\$30,000,000 (exclusive)	Huang, Hsi-Wen / Tseng, Chun-Sheng	Huang, Hsi-Wen / Tseng, Chun-Sheng
NT\$30,000,000 (inclusive)–NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive)–NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	5	5

(III) Name of the manager who distributed the employee remuneration and the distribution status:

March 31, 2024; Unit: NT\$ thousand

	Title	Name	Share value	Cash amount (Note)	Total	Total amount as a percentage (%) of net income after tax
Manager	CEO	Huang, Hsi-Wen	-	13,657	13,657	0.8250%
	President	Wang, Chun-Chieh				
	President of Strategy	Tseng, Chun-Sheng				
	President of Planning	Lin, Fu-Cheng				
	Vice President of Finance	Huang Chiang-Huang				
	Vice President of Investment Management	Lin, Ching-Yi				
	Chief Accounting Officer	Kao, Ping-Chih				

(IV) Separately compare and describe total remuneration, as a percentage of net income after tax stated in the parent company only financial reports or individual financial reports, as paid by the Company and by other companies included in the consolidated financial statements during the past two fiscal years to directors, supervisors, presidents, and vice presidents, and analyze and describe policies, standards and combination of remuneration payments, the procedures for determining remuneration, and the relevance to business performance and future risks:

1. Total remuneration paid to the directors, supervisors, presidents and vice presidents of the Company as a percentage (%) of net income after tax in the past two fiscal years:

Title	2023		2022	
	The Company	All companies in consolidated financial statements	The Company	All companies in consolidated financial statements
Director	5.2641%	5.3025%	5.3807%	5.4462%
Supervisor	-	-	0.2156%	0.2156%
CEO, Presidents and Vice Presidents	4.7568%	4.8076%	4.6345%	4.7210%

2. Directors and supervisors:

The remuneration paid to the directors and supervisors of the Company in the most recent two fiscal years includes the traffic subsidies for attendance at board meetings, compensation of directors and supervisors, and salaries of directors and supervisors who concurrently serve as employees. After approval by the Remuneration Committee, the remuneration plan shall be submitted to the Board of Directors for approval. In accordance with Article 18 of the Company's Articles of Association, the compensation of directors and supervisors for the current year shall be within 3% of the current year's profit, and the policies, standards and combination of remuneration payments shall refer to the typical pay levels adopted by peer companies. The ratio of Director and supervisor remuneration for the fiscal year 2023 decreased compared to 2022, as the net profit after tax for the current fiscal year increased compared to the previous fiscal year, resulting in a decrease in the proportion of director remuneration to net profit after tax. The term of office for supervisors ended on June 16, 2022, resulting in a zero proportion of supervisor remuneration to net profit after tax.

3. CEO, Presidents and Vice Presidents:

The compensation paid to the CEO, Presidents, and Vice Presidents of the Company in the past two years consists of salary and employee remuneration. The policy for compensation is based on the salary level of the position in the industry market, the scope of responsibilities within the company, and the contribution to the company's operational goals. The relevant performance assessments and salary rationality are approved by the Compensation Committee and submitted to the Board of Directors for resolution. The annual compensation for the CEO, Presidents, and Vice Presidents for the current fiscal year increased compared to 2022, due to the increase in net profit after tax for the current fiscal year.

IV. Corporate Governance Practices

(I) Operation Status of the Board of Directors

The Board of Directors of the Company met three times from January 1 to April 30, 2024. (Including video conferencing)

The Board of Directors held a total of 8 meetings in 2023, and the attendance of the directors is as follows: (including video conferencing)

Title	Name	Number of attendances in person	Number of attendances by proxy	Attendance rate	Remarks
Director	Fuyue Investment Co., Ltd.	5	3	63%	Representative: Huang, Hsi-Wen
		6	0	75%	Representative: Tseng, Chun-Sheng
		6	1	75%	Representative: Wang, Chun-Chieh
		7	1	88%	Representative: Lin, Fu-Cheng
		7	1	88%	Representative: Huang, Han
Director	Jendan Investment Inc.	3	1	75%	Representative: Huang, Shu-Mei. On June 30, 2023, the representative resigned due to a change in corporate directors and was unable to attend four meetings.
		4	0	100%	Representative: Hsieh, Ming-Lin. On July 1, 2023, the representative assumed the position of representative due to the replacement of the corporate director. He is expected to attend 4 meetings.
Director	Yanwen Asset Management Consulting Co., Ltd.	7	1	88%	Representative: Chan, Wen-Hsiung
Director	Wan Century World Co., Ltd.	8	0	100%	Representative: Lu, Lien-Sheng
Director	Chiang, Ju-Jung	7	1	88%	
Independent Director	Huang, Chih-Tien	8	0	100%	
Independent Director	Chen, Wen-Tsung	8	0	100%	
Independent Director	Ma, Chia-Ying	8	0	100%	
Independent Director	Li, Hsin-Hsin	7	1	88%	

Other matters that should be recorded:

- I. The operation of the board of directors' meeting shall state the date and period of the board meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors if any of the following circumstances apply:
- (I) Matters stipulated in Article 14-3 of the Securities and Exchange Act: Please refer to: P.63-68.
- (II) Other resolutions of the Board of Directors to which independent director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: None. Please refer to P.63-68.

- II. Abstentions due to conflicts of interest by directors:

Date	Motion	Abstentions due to conflicts of interest
2023/01/13	Proposed the Year-end Bonus Plan for the Company's managers for 2022	As Directors Huang, Hsi-Wen; Wang, Chun-Chieh; Tseng, Chun-Cheng; and Lin, Fu-Cheng are managers of the Company, they recused from the this motion, due to the conflict of interest. The rest of the directors agreed to adopt the motion.
2023/03/24	Proposed the compensation to employees, directors, and supervisors for 2022	As Directors Huang, Hsi-Wen; Wang, Chun-Chieh; Tseng, Chun-Cheng; and Lin, Fu-Cheng are managers of the Company, they recused from the this motion, due to the conflict of interest. The rest of the directors agreed to adopt the motion.
2023/12/22	Proposed the compensation to employees for 2022	As Directors Huang, Hsi-Wen; Wang, Chun-Chieh; Tseng, Chun-Cheng; and Lin, Fu-Cheng are managers of the Company, they recused from the this motion, due to the conflict of interest. The rest of the directors agreed to adopt the motion.

- III. A TWSE/TPEX listed company shall disclose information such as the evaluation cycle, duration, scope, method, and content of the directors' self (or peer) review, and shall fill in the implementation status of the evaluation by the Board of Directors:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Performed once a year	From January 1, 2023 to December 31, 2023	(1) Performance evaluation of the Board of Directors and individual board members (2) Performance Evaluation of Audit Committee and Compensation Committee Members	Internal questionnaire survey was adopted to conduct self-evaluation of the Board of Directors and board members	(1) Performance evaluation of the Board of Directors: The degree of involvement in corporate operation, the improvement in the quality of decision making by the Board of Directors, the composition and structure of the Board of Directors, the selection and continuing education of directors, and internal control. (2) Performance evaluation of individual board members: Understanding of the Company's objectives and tasks, directors' awareness of duties, degree of involvement in corporate operation, internal relationship management and communication, directors' professional competence and continuing education, and internal control. (3) Performance evaluation of the Functional Committee: The degree of involvement in corporate operation, members' awareness of duties, the improvement in the quality of decision making by the functional committee, the composition and selection of members, and internal control.

Evaluation results:

The overall performance self-assessment score of the Board of Directors of the Company is 98.2 points (out of 100 points), and the average performance self-assessment score of individual director members is 98.9 points (out of 100 points). The performance self-assessment scores of the Audit Committee and the Compensation Committee are both 100 points (out of 100 points). The evaluation results are excellent and were reported to the 13th Board of Directors at the 16th meeting on February 2nd, 2024. This clearly demonstrates the achievements of the Company in strengthening the effectiveness of the Board of Directors and functional committees.

- IV. Assessment of the objectives and performance of strengthening the functions of the Board of Directors (such as establishing the Audit Committee, enhancing information transparency, etc) in the current and recent years: The Company established the Audit Committee in 2022.

(II) The performance of the Audit Committee or the participation of supervisors in the operation of the Board of Directors:

To strengthen corporate governance, the Company re-elected the directors and replaced the former supervisors with the Audit Committee composed of all independent directors on June 17, 2022. Additionally, Huang, Chih-Tien, an independent director, was elected as the convener.

The operation of Audit Committee:

In 2023, the Audit Committee held 9 meetings in total, and the attendance of independent directors is as follow: (including video conferencing)

Title	Name	Number of attendances in person	Number of attendances by proxy	Attendance rate	Remarks
Independent Director	Huang, Chih-Tien	9	0	100%	N/A
Independent Director	Chen, Wen-Tsung	9	0	100%	N/A
Independent Director	Ma, Chia-Ying	9	0	100%	N/A
Independent Director	Li, Hsin-Hsin	8	1	88.9%	N/A

Other matters that should be recorded:

- I. In the event that the Audit Committee encounters any of the following circumstances in its operations, it shall state the date and period of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or material recommendations of the independent directors, the results of the Audit Committee's resolution and the Company's handling of the Audit Committee's opinion:
 - (I) Matters stipulated in Article 14 -5 of the Securities Exchange. Please refer to Note 1 for details.
 - (II) Other resolutions not approved by the Audit Committee but agreed by more than two-thirds of all directors: N/A.
- II. Highlights of the Audit Committee's work in 2023: Review of the Company's financial reports, offering and issuance of negotiable securities, formulation of audit plans, and review of the independence and suitability of CPAs, etc.
- III. When an independent director abstains due to being a stakeholder in certain proposals, the name of the independent director, the content of motion, reasons for abstentions, and the results of vote counts should be stated: N/A.
- IV. Communication between the independent directors and the internal audit officer and CPAs:
 - (I) The audit supervisor of the Company, after verifying the audit report and follow-up report, delivered the audit report and follow-up report to the independent directors before the end of the month following the completion of the audit work, and reported at the meeting of the Audit Committee.
 - (II) The Company invited CPAs to attend the Audit Committee to report and communicate with the independent directors on the results of the review or audit of the financial statements, key audit matters, and the impact of amendments to the IFRSs or other laws and regulations on the Company.

Note 1: Matters stipulated in Article 14 -5 of the Securities Exchange Act:

The meeting date and session of the Audit Committee	Content of motion	Dissenting opinions, reserved opinions or major suggestions of independent directors	Audit committee review results	The Company's handling of the audit committee review opinions
2023.01.13 7th meeting of the 1st term	1. Proposed to make an endorsement/guarantee for Jin Yu Tai Co., Ltd. 2. Proposed to make an endorsement/guarantee for Hai Xin International Co., Ltd. 3. Proposed to make an endorsement/guarantee for Hai Ju Construction Co., Ltd.	N/A	After the chairperson consulted all the members present this motion was adopted without objection.	It was submitted to the 8th meeting of the 13th term of Board of Directors for resolution and was handled in accordance with the resolution of the Board of Directors.
2023.02.13 8th meeting of the 1st term	1. Appointment of accountants to handle the transfer pricing report for the fiscal year 202			N/A.
2023.3.24 9th meeting of the 1st term	1. 2022 business report and financial statements of the Company 2. Proposed the compensation to employees, directors, and supervisors for 2022 3. Proposed the distribution of earnings of the Company for 2022 4. Proposed to issue the Statement of Internal Control System for 2022 5. Proposed amendments to partial provisions of the Articles of Association 6. Drafting the Proposal for the Operating Procedures for the Buyback of Treasury Stock 7. Proposed not to handle the privately placed securities approved at the 2022 annual shareholders' meeting upon expiration 8. Proposed appointment of CPAs of the Company and Remuneration Plan for 2023 9. Change in internal audit officer 10. Proposed to make an endorsement/guarantee for Hai Yu International Co., Ltd.			It was submitted to the 9th meeting of the 13th term of Board of Directors for resolution and was handled in accordance with the resolution of the Board of Directors.

The meeting date and session of the Audit Committee	Content of motion	Dissenting opinions, reserved opinions or major suggestions of independent directors	Audit committee review results	The Company's handling of the audit committee review opinions
	11. Proposed to make an endorsement/guarantee for Hai Xin International Co., Ltd. 12. The endorsement/guarantee case for Hi-Yes Construction Co., Ltd.			
2023.05.12 10th meeting of the 1st term	1. Financial Statements of the Company for Q1 2023			It was submitted to the 10th meeting of the 13th term of Board of Directors for resolution and was handled in accordance with the resolution of the Board of Directors.
2023.06.30 11th meeting of the 1st term	1. Proposed to make an endorsement/guarantee for Hai Xin International Co., Ltd. 2. Proposed to make an endorsement/guarantee for Hai Yu International Co., Ltd. 3. Proposed to make an endorsement/guarantee for Hai Ju Construction Co., Ltd. 4. Proposed to make an endorsement/guarantee for Hai Yan Construction Co., Ltd.			It was submitted to the 11th meeting of the 13th term of Board of Directors for resolution and was handled in accordance with the resolution of the Board of Directors.
2023.07.24 12th meeting of the 1st term	1. Proposed to make an endorsement/guarantee for Jin Yu Tai Co., Ltd.			It was submitted to the 12th meeting of the 13th term of Board of Directors for resolution and was handled in accordance with the resolution of the Board of Directors.

The meeting date and session of the Audit Committee	Content of motion	Dissenting opinions, reserved opinions or major suggestions of independent directors	Audit committee review results	The Company's handling of the audit committee review opinions
2023.08.11 13th meeting of the 1st term	1. Financial Statements of the Company for Q2 2023 2. Proposed to make an endorsement/guarantee for Hai Xin International Co., Ltd. 3. Proposed to make an endorsement/guarantee for Hai Ju Construction Co., Ltd. 4. Proposed to make an endorsement/guarantee for Hai Yu International Co., Ltd. 5. Proposed to make an endorsement/guarantee for Hai Yan Construction Co., Ltd.			It was submitted to the 13th meeting of the 13th term of Board of Directors for resolution and was handled in accordance with the resolution of the Board of Directors.
2023.11.10 14th meeting of the 1st term	1. Financial Statements of the Company for Q3 2023 2. Proposed to make an endorsement/guarantee for Hai Yu International Co., Ltd. 3. Proposed to make an endorsement/guarantee for Hai Yan Construction Co., Ltd. 4. Proposed to make an endorsement/guarantee for Jin Yu Tai Co., Ltd. 5. Assessment of the independence of the Company's CPAs 6. Proposed to increase the cash capital of subsidiary Jin Yu Tai Co., Ltd.			It was submitted to the 14th meeting of the 13th term of Board of Directors for resolution and was handled in accordance with the resolution of the Board of Directors.
2023.12.22 15th meeting of the 1st term	1. Proposed to make an endorsement/guarantee for Hai Xin International Co., Ltd. 2. Audit plan for the year 2024 3. Proposed to make an endorsement/guarantee for Hai Yan Construction Co., Ltd. 4. Amendment of certain articles of the 'Internal Control Procedures for Computerized Information Operations' of the Company 5. Proposed disposition of old downtown roads in Tainan			It was submitted to the 15th meeting of the 13th term of Board of Directors for resolution and was handled in accordance with the resolution of the Board of Directors.

(III) Implementation of corporate governance, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons therefore:

Assessed areas	Operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Abstract	
I. Has the Company established and disclosed its corporate governance best practice principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company's Corporate Governance Best Practice Principles, which were established in 2021, are available on the company's website and Market Observation Post System.	No material deviation.
II. Company Stock Equity Structure and Shareholders' Rights				
(I) Has the Company established an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	V		(I) The Company has appointed the spokesperson and stock affairs personnel to deal with issues such as shareholder proposals or disputes, and has set a contact mailbox in the special section for related parties on the Company's official website.	No material deviation.
(II) Does the Company maintain a register of the major shareholders with controlling power, as well as a register of the ultimate controller of those major shareholders?	V		(II) Most of the Company's major shareholders are directly involved in the operation of the Company, and the Company has disclosed the shareholding of major shareholders and the ultimate controllers of major shareholders in accordance with regulations.	No material deviation.
(III) Has the Company established and enforced the risk control mechanism and firewall mechanism between itself and affiliated enterprises?	V		(III) The operation and finance of the Company and its affiliated enterprises are independent. The Company has formulated the Supervision and Management of Subsidiaries and the Regulations on the Management of Transactions between Related Parties to regulate the financial and business transactions between the Company and its affiliated enterprises and matters that shall be supervised.	No material deviation.
(IV) Has the Company stipulated internal rules that prohibit insiders from trading securities using information not disclosed to the market?	V		(IV) The Company has formulated the Rules of Procedure for Preventing Insider Trading to prohibit insiders from trading securities by using undisclosed information. Regular updates and educational outreach on relevant information are conducted periodically.	No material deviation.

Assessed areas	Operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Abstract	
III. Board compositions and responsibilities				
(I) Has the Board of Directors formulated a strategy to achieve diversity among board members and? If so, has such strategy been implemented?	V		(I) Pursuant to Article 20 of the Company's Corporate Governance Best Practice Principles, the board members shall possess the knowledge, skills and qualities necessary to perform their duties. To implement the diversity of the board members, the Company shall formulate appropriate diversity guidelines for the relevant operation, business pattern and development needs, including but not limited to the following two aspects: 1. Basic conditions and values: gender, age, nationality, culture, etc. 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. The Board of Directors focuses on gender equality and diversity. The Company currently has 13 directors (including 2 female directors), including 4 independent directors, who provide professional advice and supervise the operation of the management team.	No material deviation.
(II) In addition to establishing the Remuneration Committee and Audit Committee as required by law, has the Company voluntarily established other functional committees?	V		(II) The Company's functional committees include the Remuneration Committee and the Audit Committee.	No material deviation.
(III) Has the Company formulated standards to measure the performance of the Board of Directors, and does the Company implement such annually? Are the results submitted to the Board of Directors and used as references for director remuneration and nominations for reappointment?	V		(III) The Measures for the Performance Evaluation of the Board of Directors and Functional Committees were adopted by the Board of Directors on March 18, 2020. Please refer to page 33 for the results of the 2023 Board performance evaluation.	No material deviation.
(IV) Has the Company regularly evaluated the independence of CPAs?	V		(IV) The Company regularly evaluates the independence and suitability of CPAs on an annual basis, and CPAs issue the statement of independence in respect of the audit engagement. The rotation of CPAs is in compliance with the relevant regulations.(please refer to P.68-69)	No material deviation.
IV. Does the listed company have a suitable and appropriate number of corporate governance personnel and	V		On November 10, 2021, the Board of Directors approved the appointment of Vice President Huang Chiang-Huang as the Corporate Governance Officer, in addition to his current position as CFO. He has over three years of experience in executive	No material deviation.

Assessed areas	Operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons								
	Yes	No	Abstract									
does the company designate a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their operational duties, assisting directors and supervisors to comply with laws and regulations, conducting board and shareholders' meeting related matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc.)?			positions related to the finance and stock affairs of publicly traded companies. The principal duties of the Chief Corporate Governance Office are to supervise and implement the corporate governance, including performing the agenda planning and discussion of the shareholders' meeting, the Board of Directors, the Audit Committee and the Remuneration Committee, assisting the directors in fulfilling their duties and handling matters required by the directors, ensuring compliance with the laws and regulations of the Board of Directors, and maintaining information exchange and communication between the directors and the management department and among the board members, and regularly communicating with independent directors on corporate governance related business every year.									
V. Has the Company established communication channels between stakeholders (including but not limited to shareholders, employees, clients and suppliers), set up a stakeholder section on the Company’s website, and responded appropriately to important corporate social responsibility issues of concern to stakeholders?		V	By maintaining close and open communication with stakeholders, the Company solicits valuable suggestions and feedback and promptly responds and adjusts accordingly. The Company adopts an open and diverse attitude to listen to various opinions, aiming to understand the genuine needs and expectations of stakeholders and continuously improve to align with the principles of sustainable business operation. Hi-Yes International identifies stakeholders based on five principles (responsibility, influence, tension, diverse perspectives, dependency) and industry practices to understand the significant economic (corporate governance), environmental, and social issues concerning each stakeholder. After identification by all members of the ESG team, stakeholders are classified into four categories based on importance: shareholders, customers, employees, and non-profit organizations. <table><tr><th>Key stakeholders</th><th>Importance to the Company</th><th>Issues of Concern</th><th>Communication Channel/Frequency</th></tr><tr><td>Shareholders</td><td> - Investors provide a source of funding for the company, and Hi-Yes international development continues to provide steady operating results as a return to investors, enhancing investor support, stabilizing funds, and creating investment value. </td><td> - Ethical Corporate Management - Operational Performance - Corporate Governance - Risk Management - Customer Service - Compliance with laws and regulations </td><td> - Spokesperson's Mailbox: spokesman1@hiyes.tw - Agent for stock affairs: Service Agency Department of Capital Securities Corporation (02)27023999 - Regular Shareholders' Meeting (annual) - Corporate Briefing (annual) - Annual Report and Financial Report </td></tr></table>	Key stakeholders	Importance to the Company	Issues of Concern	Communication Channel/Frequency	Shareholders	Investors provide a source of funding for the company, and Hi-Yes international development continues to provide steady operating results as a return to investors, enhancing investor support, stabilizing funds, and creating investment value.	- Ethical Corporate Management - Operational Performance - Corporate Governance - Risk Management - Customer Service - Compliance with laws and regulations	- Spokesperson's Mailbox: spokesman1@hiyes.tw - Agent for stock affairs: Service Agency Department of Capital Securities Corporation (02)27023999 - Regular Shareholders' Meeting (annual) - Corporate Briefing (annual) - Annual Report and Financial Report	No material deviation.
Key stakeholders	Importance to the Company	Issues of Concern	Communication Channel/Frequency									
Shareholders	Investors provide a source of funding for the company, and Hi-Yes international development continues to provide steady operating results as a return to investors, enhancing investor support, stabilizing funds, and creating investment value.	- Ethical Corporate Management - Operational Performance - Corporate Governance - Risk Management - Customer Service - Compliance with laws and regulations	- Spokesperson's Mailbox: spokesman1@hiyes.tw - Agent for stock affairs: Service Agency Department of Capital Securities Corporation (02)27023999 - Regular Shareholders' Meeting (annual) - Corporate Briefing (annual) - Annual Report and Financial Report									

Assessed areas	Operations				Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons			
	Yes	No	Abstract					
					(Yearly/Quarterly) Revenue Announcement (Monthly) Official Website Market Observation Post System			
			Client	Customers are the revenue source for Hi-Yes International. We listen to customer needs, monitor industry trends, and provide high-quality construction projects to enhance customer satisfaction.	- Operational Performance - Customer Service - Information Security - Ethics and Integrity - Compliance with laws and regulations		Contact Channels: Customer Service Hotline: 0800-520-666 Customer Service Inbox: service@hiyes.tw Telephone Numbers for Various Locations - Irregular Official Website/Social Media (LINE, Facebook)	
			employee	Employees are the most crucial partners for the sustainable development of Hi-Yes International. In addition to protecting employees' rights and benefits, we offer competitive compensation and welfare systems. We also value and support our employees, aiming to attract talented individuals and enable them to showcase their full potential.	- Compensation and Benefits - Ensuring and Respecting Human Rights - Employee Development - Fair and impartial evaluation - Environment of Safety and Health - Sustainable Development of the Company - Compliance with laws and regulations		- Contact Channels: hr@hiyes.tw (02)8712-8888 - Regular Performance Evaluation (annual) - Irregular Internal Grievances Email Inbox - Education and Training - Internal Company Website - Employee Travel - Employee Meal Gatherings	
			<table><tr><th>Key stakeholders</th><th>Importance to the Company</th><th>Issues of Concern</th><th>Communication Channel/Frequency</th></tr><tr><td>Non-governmental organization</td><td> - Hi-Yes International is a responsible corporate citizen and should fulfill its social responsibilities by maintaining good relationships with non-governmental organizations. </td><td> - Ethical Corporate Management - Risk Management - Compliance with laws and regulations - Business Performance </td><td> - Charitable Donation Activities (irregular) - Internship Program (annual) </td></tr></table>	Key stakeholders	Importance to the Company		Issues of Concern	Communication Channel/Frequency
Key stakeholders	Importance to the Company	Issues of Concern	Communication Channel/Frequency					
Non-governmental organization	Hi-Yes International is a responsible corporate citizen and should fulfill its social responsibilities by maintaining good relationships with non-governmental organizations.	- Ethical Corporate Management - Risk Management - Compliance with laws and regulations - Business Performance	- Charitable Donation Activities (irregular) - Internship Program (annual)					
VI. Has the Company commissioned a professional shareholder services agency to handle matters in connection with the shareholders’ meeting?	V		Capital Securities Corporation is the professional shareholder services agency of the Company, and handles the matters related to the shareholders' meeting.			No material deviation.		

Assessed areas	Operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Abstract	
VII. Information disclosure				
(I) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance status?	V		(I) The Company has set up a website to disclose relevant financial, business and stock information, and established a corporate governance section to disclose relevant information.	No material deviation.
(II) Does the Company have other information disclosure channels (e.g. an English website, designated people to handle information collection and disclosure, a spokesperson system, webcasting of investor conferences)?	V		(II) The Company's website is managed by designated personnel responsible for disclosure and related matters. The Company has established a spokesperson system, in which the spokesperson and the acting spokesperson are responsible for speaking or explaining to the public. In 2023, the Company held an investor conference.	No material deviation.
(III) Has the Company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?		V	(III) The Company has published and reported its annual financial report and its financial reports for the first, second, and third quarters within the prescribed time limit.	No material deviation.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures,	V		1. Employee rights and care: The establishment of the Employee Welfare Committee, operated through elections by employees, handles various welfare matters and sets aside and allocates retirement benefits in accordance with the Labor Standards Act and Labor Pension Act. All regulations and measures related to labor-capital relations of the company are implemented in compliance with relevant laws, and the implementation is satisfactory. Any new or revised measures related to labor-capital relations are determined only after full agreement and communication between labor and management, aiming to achieve a win-win situation for both parties.	No material deviation.

Assessed areas	Operations			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																																								
	Yes	No	Abstract																																									
the implementation of client relations policies, and purchasing insurance for directors and supervisors)?			2. Investor relations: The Company convenes shareholders' meetings every year in accordance with the Company Act and relevant laws and regulations. Shareholders are given sufficient opportunities to ask questions and raise proposals. A spokesperson system has been established to deal with shareholders' suggestions, doubts and disputes. The Company also complies with regulatory requirements from competent authorities for information disclosure and timely provides information that may affect investor decisions. 3. Supplier relations: The company has established long-term and close relationship with clients and suppliers, cooperates with them, trusts them, and pursues sustainable mutual growth. 4. Rights of stakeholders: The Company maintains open communication channels with its shareholders, clients, employees, and nonprofit organizations, etc., and respects and safeguards their legitimate rights and interests. The Company has established a stakeholder system to answer investors' questions and provide investors and stakeholders with highly transparent financial and business information. 5. Directors’ and supervisors’ training records: The Company actively encourages and does not make it compulsory for directors and supervisors to take professional knowledge related courses. The status of professional development in 2023 is as follows: <table><tr><th rowspan="2">Job Title/Name</th><th colspan="2">Date of Training</th><th rowspan="2">Organizer</th><th rowspan="2">Course Name</th><th rowspan="2">Training Hours</th><th rowspan="2">Total Training Hours for the Year</th></tr><tr><th>From</th><th>Until</th></tr><tr><td rowspan="2">Corporate Director Representative / Huang, Hsi-Wen</td><td>2023/12/22</td><td>2023/12/22</td><td>Taiwan Corporate Governance Association Corporation Aggregate</td><td>Climate Change and TCFD</td><td>3</td><td rowspan="2">6.0</td></tr><tr><td>2023/12/22</td><td>2023/12/22</td><td>Taiwan Corporate Governance Association Corporation Aggregate</td><td>Corporate Inheritance Matters</td><td>3</td></tr><tr><td rowspan="2">Corporate Director Representative / Huang, Han</td><td>2023/12/22</td><td>2023/12/22</td><td>Taiwan Corporate Governance Association Corporation Aggregate</td><td>Corporate Inheritance Matters</td><td>3</td><td rowspan="2">6.0</td></tr><tr><td>2023/12/22</td><td>2023/12/22</td><td>Taiwan Corporate Governance Association Corporation Aggregate</td><td>Climate Change and TCFD</td><td>3</td></tr><tr><td>Independent Director / Li, Hsin-Hsin</td><td>2023/04/28</td><td>2023/04/28</td><td>Accounting Research and Development Foundation in Taiwan</td><td>Tax Regulations and Practices for Controlled Foreign Corporations (CFCs)</td><td>3</td><td>12.0</td></tr></table>	Job Title/Name	Date of Training		Organizer	Course Name	Training Hours	Total Training Hours for the Year	From	Until	Corporate Director Representative / Huang, Hsi-Wen	2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Climate Change and TCFD	3	6.0	2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Corporate Inheritance Matters	3	Corporate Director Representative / Huang, Han	2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Corporate Inheritance Matters	3	6.0	2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Climate Change and TCFD	3	Independent Director / Li, Hsin-Hsin	2023/04/28	2023/04/28	Accounting Research and Development Foundation in Taiwan	Tax Regulations and Practices for Controlled Foreign Corporations (CFCs)	3	12.0	
Job Title/Name	Date of Training		Organizer		Course Name	Training Hours					Total Training Hours for the Year																																	
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Corporate Director Representative / Huang, Hsi-Wen	2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Climate Change and TCFD	3	6.0																																						
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Assessed areas	Operations									Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons		
	Yes	No	Abstract									
				2023/04/28	2023/04/28	Accounting Research and Development Foundation in Taiwan	Legal Responsibility and Analysis of Tax Crimes	3				
				2023/04/26	2023/04/26	Accounting Research and Development Foundation in Taiwan	Common Internal Control Management Deficiencies in Enterprises and Practical Case Analysis	6				
			Director / Chiang, Ju-Jung	2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Corporate Inheritance Matters	3	6.0			
				2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Climate Change and TCFD	3				
			Corporate Director Representative / Hsieh, Ming-Lin	2023/06/02	2023/06/02	Securities and Futures Institute (SFI Taiwan)	2023 Regulations for the Prevention of Insider Trading Meeting	3	6.0			
				2023/04/13	2023/04/13	Taiwan Academy of Banking and Finance	Corporate Governance Lecture	3				
			Corporate Director Representative / Lin, Fu-Cheng	2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Corporate Inheritance Matters	3	6.0			
				2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Climate Change and TCFD	3				
			Independent Director / Chen, Wen-Tsung	2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Climate Change and TCFD	3	15.0			
				2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Corporate Inheritance Matters	3				
				2023/10/30	2023/10/30	Taiwan Corporate Governance Association Corporation Aggregate	Analysis of Directors' Fiduciary Duties and Legal Responsibilities	3				
				2023/09/13	2023/09/13	Taiwan Corporate Governance Association and Taiwan Listed Companies Association	Domestic and International Economic and Industry Trends and Corporate Response Strategies	3				
				2023/08/09	2023/08/09	Taiwan Corporate Governance Association and Taiwan Listed Companies Association	Impact of Carbon Pricing on Business Operations	3				
			Independent Director / Ma, Chia-Ying	Date of Training		Organizer	Course Name	Training Hours	Total Training Hours for the Year			
				Job Title/Name	From						Until	
					2023/11/17	2023/11/17	Taiwan Institute of Directors	From the perspective of the Board of Directors, the discussion revolves around the implementation of company strategies. TCFD			3	
					2023/10/13	2023/10/13	Securities and Futures Institute (SFI Taiwan)	2023 Regulations for the Prevention of Insider Trading Meeting			3	
			2023/07/04		2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6				

Assessed areas	Operations									Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons		
	Yes	No	Abstract									
				2023/06/02	2023/06/02	The Chinese National Association of Industry and Commerce, Taiwan	2023 Taishin Net Zero Summit	3				
			Corporate Director Representative / Wang, Chun-Chieh	2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Corporate Inheritance Matters	3	6.0			
				2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Climate Change and TCFD	3				
			Corporate Director Representative / Chan, Wen-Hsiung	2023/11/24	2023/11/24	Taiwan Investor Relations Institute	How to Conduct Enterprise Valuation and IR Work Management Using Excel	3	6.0			
				2023/04/27	2023/04/27	Corporate Operating and Sustainable Development Association	Introduction to the New Release of Corporate Governance Blueprint 3.0 in Taiwan	3				
			Corporate Director Representative / Tseng, Chun-Sheng	2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Corporate Inheritance Matters	3	6.0			
				2023/12/22	2023/12/22	Taiwan Corporate Governance Association Corporation Aggregate	Climate Change and TCFD	3				
			6. Implementation of risk management policies and risk evaluation measures: The company has implemented risk management policies and procedures, and conducts regular reviews of their implementation. Please see page 48 of the annual report for more information.									
			7. Implementation of client relations policies: To provide clients with a full range of services and safeguards, the Company immediately and fully communicates with clients in response to their complaints, understands their needs, so as to promote the interaction between the Company and clients, and reviews and improves the interaction at the internal meetings of the Company at any time.									
			8. The Company has purchased liability insurance for all directors, supervisors and key personnel, with the insured amount of US\$3,000,000 and the coverage period from February 1, 2024 to February 1, 2025.									
IX. Based on the latest Corporate Governance Evaluation report released by the Corporate Governance Center of TWSE, please state the circumstances in which improvements have been made and propose priorities and measures for those that have not yet improved. (companies not included in the assessment scope are not required to fill in): The Company has enhanced and improved its external website to clearly disclose relevant information on the Company's finance, business and corporate governance, as well as provide relevant information on the shareholders' meeting.												

(IV) If the Company has Remuneration Committee or Nomination Committee, it shall disclose its composition, duties and operation:

1. Members of the Company's Remuneration Committee in 2023

December 31, 2023

Identity	Condition	Professional qualifications and experience	Independence	Number of other public companies for which the individual is concurrently serving as a member of the remuneration committee
	Name			
Convener and independent director	Chen, Wen-Tsung	Please refer to page 17-19 for information on professional qualifications of directors and independence of independent directors.	1. Not an employee of the Company or its affiliates. 2. Not a director or supervisor of the Company or its affiliates. 3. Shareholders holding more than 1% of the total issued shares of the company under another name except him/herself, his/her spouse or children (minor). Those holding such amount of shares on behalf of others; or the top 10 natural person shareholders. 4. Not (1) a professional manager listed, a spouse, relative of second degree or closer, or direct blood relative of third degree or closer to any person listed in (2), (3). 5. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act: N/A. 6. A majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company: N/A. 7. The chairperson, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution: N/A.	2
Independent Director	Huang, Chih-Tien			0
Independent Director	Ma, Chia-Ying			3
Independent Director	Li, Hsin-Hsin			0

Identity	Condition	Professional qualifications and experience	Independence	Number of other public companies for which the individual is concurrently serving as a member of the remuneration committee
	Name			
			8. A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company: N/A. 9. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or its affiliates, or that provides commercial, legal, financial, accounting or related services to the Company or its affiliates for which the provider in the past 2 years has received compensation, or a spouse thereof: N/A. 10. Not a spouse or relative of second degree or closer to any other directors.	

Note 1: Operation status information for the remuneration committee

- (1) The 5th term of Remuneration Committee has 4 members.
- (2) The term of office of the fifth term lasts from June 17, 2022 to June 16, 2025. The Remuneration Committee held 3 meetings in 2023, and the attendance of members was as follows:

Title	Name	Number of attendances in person	Number of attendances by proxy	Attendance rate (%)	Remarks
Convener	Chen, Wen-Tsung	3	0	100%	Elected as the convener of the current term on December 16, 2022.
Committee Members	Huang, Chih-Tien	3	0	100%	N/A
Committee Members	Ma, Chia-Ying	3	0	100%	Took office on June 17, 2022
Committee Members	Li, Hsin-Hsin	2	1	67%	Took office on June 17, 2022

Other matters that should be recorded:

- I. If the board meeting does not adopt or revise the remuneration committee's proposals, the board meeting's date, period, motion contents, and resolution decisions as well as the method in which the company handles the compensation committee's opinions shall be disclosed in detail (e.g. if the salary rate adopted by the board committee is superior to that proposed by the remuneration committee, the differences and reasons shall be explained): N/A.
- II. Where there is any resolution of the Remuneration Committee to which a member objects or on which a member has a qualified opinion, and such objection or qualified opinion is documented or reduced to a written statement, it is required to disclose the meeting date, session, content of motions, opinions of all members and the response thereto: N/A.
- III. Reasons for discussion and results of decisions of the Remuneration Committee, and the Company's handling of members' comments

The meeting date and session of the Remuneration Committee	Content of motion	Remuneration Committee Resolution	The Company's handling of the Remuneration Committee review opinions
2023.01.13 2nd meeting of the 5th term	1. Partial provisions of the Regulations Governing the Remuneration of Directors and Managers 2. Proposed the Year-end Bonus Plan for the Company's managers for 2022	Approved by all members present without objection	Approved with the consent of all the directors present at the board meeting
2023.03.24 3rd meeting of the 5th term	1. Proposed the compensation to employees and supervisors for 2022 2. Change in Vice President of Media Data Department	Approved by all members present without objection	Approved with the consent of all the directors present at the board meeting
2023.12.22 4th meeting of the 5th term	1. Proposed the compensation to employees for 2022	Approved by all members present without objection	Approved with the consent of all the directors present at the board meeting

2. If the Company has the Nomination Committee it shall disclose its composition, duties and operation: N/A.

(V) Implementation of sustainable development, deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons therefore:

Item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles, and the reasons therefore:						
	Yes	No	Abstract							
I. Has the Company established a governance structure to achieve sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to handle senior management, and supervised by the Board of Directors?	V		The company has established the Sustainable Implementation Committee, with the President serving as the Chairman. The committee has formed various functional teams, with department heads acting as team leaders. Occasional meetings have been held to strengthen communication between departments and mobilize internal and external resources for project planning and management. This continuous improvement approach is aimed at achieving sustainable development for the company, and the results will be presented at the next year's board meeting.	No material deviation.						
II. Has the Company conducted risk assessments on environmental, social, and corporate governance issues related to the Company’s operations in accordance with the materiality principle and formulated relevant risk management policies or strategies?	V		<table><tr><th>Risk Category</th><th>Description</th><th>Risk Management Strategy (Mitigation Measures)</th></tr><tr><td>Sustainable Environment</td><td>Energy Conservation and Carbon Reduction - Wasting energy and emitting carbon will result in a substantial rise in the company's operating expenses.</td><td>The reception center has replaced old and energy-consuming air conditioning equipment, set a lower limit for indoor air conditioning temperature, and reconfigured the reception center to be modular in order to reduce its carbon footprint. Additionally, measures such as promoting energy-saving practices like turning off lights when not in use are also being encouraged.</td></tr></table>	Risk Category	Description	Risk Management Strategy (Mitigation Measures)	Sustainable Environment	Energy Conservation and Carbon Reduction - Wasting energy and emitting carbon will result in a substantial rise in the company's operating expenses.	The reception center has replaced old and energy-consuming air conditioning equipment, set a lower limit for indoor air conditioning temperature, and reconfigured the reception center to be modular in order to reduce its carbon footprint. Additionally, measures such as promoting energy-saving practices like turning off lights when not in use are also being encouraged.	No material deviation.
Risk Category	Description	Risk Management Strategy (Mitigation Measures)								
Sustainable Environment	Energy Conservation and Carbon Reduction - Wasting energy and emitting carbon will result in a substantial rise in the company's operating expenses.	The reception center has replaced old and energy-consuming air conditioning equipment, set a lower limit for indoor air conditioning temperature, and reconfigured the reception center to be modular in order to reduce its carbon footprint. Additionally, measures such as promoting energy-saving practices like turning off lights when not in use are also being encouraged.								

Item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles, and the reasons therefore:								
	Yes	No	Abstract									
			<table><tr><th>Risk Category</th><th>Description</th><th>Risk Management Strategy (Mitigation Measures)</th></tr><tr><td rowspan="2">Employee</td><td>The occurrence of occupational accidents, such as the impact of the epidemic, poses a significant threat to the life and health of all employees and has an impact on company operations.</td><td> 1. Continuously monitor information related to the epidemic and make timely adjustments in accordance with government regulations. 2. To minimize the risk of cluster infections, it is important to enhance employees' awareness of personal hygiene and protection. This can be achieved by promoting frequent handwashing and the use of face masks. 3. Enhance company access control and implement environmental sanitation disinfection measures, while also conducting temperature checks for all personnel upon entry. 4. Plan for office decentralization to reduce the risk of infection and isolation. </td></tr><tr><td>Loss of talented young employees - Potential young employees should be continuously nurtured. If young talents are lost, it will cause a gap in manpower, affecting the execution and development of company operations.</td><td>Establish a credible capability evaluation and reward structure superior to competitors to retain promising talent.</td></tr></table>	Risk Category	Description	Risk Management Strategy (Mitigation Measures)	Employee	The occurrence of occupational accidents, such as the impact of the epidemic, poses a significant threat to the life and health of all employees and has an impact on company operations.	1. Continuously monitor information related to the epidemic and make timely adjustments in accordance with government regulations. 2. To minimize the risk of cluster infections, it is important to enhance employees' awareness of personal hygiene and protection. This can be achieved by promoting frequent handwashing and the use of face masks. 3. Enhance company access control and implement environmental sanitation disinfection measures, while also conducting temperature checks for all personnel upon entry. 4. Plan for office decentralization to reduce the risk of infection and isolation.	Loss of talented young employees - Potential young employees should be continuously nurtured. If young talents are lost, it will cause a gap in manpower, affecting the execution and development of company operations.	Establish a credible capability evaluation and reward structure superior to competitors to retain promising talent.	
Risk Category	Description	Risk Management Strategy (Mitigation Measures)										
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Item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles, and the reasons therefore:												
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Item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles, and the reasons therefore:
	Yes	No	Abstract	
III. Environmental issues (I) Did the company establish an appropriate environmental management system based on its industry characteristics?	V		(I) In response to the global trend of emissions reduction, the Company actively promotes emission reduction strategies. At the same time, adhere to laws, customer requirements, and other relevant demands, ensuring that managers at all levels implement energy management policies to create an environmentally friendly and energy-saving work environment. To effectively implement energy management, we conduct regular reviews, adjust relevant energy-saving plans, and collaborate with the Policy Support and Occupational Safety and Health departments to explore energy consumption factors and establish an energy database. In addition to referencing energy consumption benchmarks from foreign counterparts, we implement various energy management and energy-saving measures internally, deepening energy management and strengthening energy-saving technologies, while also enhancing efficiency control, aiming to gradually become a leading benchmark in the industry. A. Air Conditioning 1. The air conditioning system will be turned on and off during working and resting hours. 2. Based on the outdoor temperature, the air conditioning temperature should be set uniformly and a record should be made for review and adjustment. 3. It is advisable to engage professional vendors to perform regular cleaning of the air conditioning fans. 4. The windows are equipped with blinds that can be used to block the intense sunlight during the summer, and prevent the indoor temperature from rising due to excessive exposure. This helps reduce the energy consumption of the air conditioning. 5. In winter, allowing outside air to flow into the office reduces the need for air conditioning.	No material deviation.

Item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles, and the reasons therefore:
	Yes	No	Abstract	
			B. Lighting 1. The light tubes and light bulbs have been replaced with energy-efficient LED light bulbs and tubes, resulting in a reduction in energy consumption. 2. We encourage employees to develop the habit of turning off lights when they are not in use. C. Other Areas 1. Promote energy conservation and encourage colleagues to use public appliances, such as rice cookers, during designated times. 2. Purchase energy-efficient and power-saving inverter refrigerators.	
(II) Has the Company endeavored to utilize all resources more efficiently and used renewable materials which have low impact on the environment?	V		(II) The Company classifies and recycles resources and materials.	No material deviation.
(III) Has the Company assessed the potential risks and opportunities of climate change on its present and future operation, and taken measures to respond to climate-related issues?		V	(III) The Company has not worked out measures to address climate-related issues.	No material deviation.
(IV) Has the company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulated policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?		V	(IV) The Company has implemented policies to improve the utilization of various resources and to save energy and reduce carbon emissions, such as reducing the number of office lighting equipment used; using energy-saving lighting equipment; reducing paper waste by reusing photocopy paper used by the Company; and saving water.	

Item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles, and the reasons therefore:
	Yes	No	Abstract	
IV. Social Issues				
(I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company abides by the Labor Standards Law and formulates working rules for employees in accordance with the law, to clearly regulate various working conditions and protect the rights and interests of employees. All employees enjoy equal and fair opportunities without discrimination based on non-work factor, thus ensuring their legitimate rights and interests.	No material deviation.
(II) Has the Company formulated and implemented reasonable measures for employee benefits (including remuneration, vacation and other benefits, etc.), and appropriately reflected operating performance or results in employee compensation?	V		(II) The Company has formulated and implemented employee benefit measures in compliance with the Labor Standards Law and other relevant laws and regulations, appropriately distribute the year-end bonus of employees based on the operating performance, and allocates employee dividends in accordance with the Articles of Association.	No material deviation.
(III) Has the Company provided a healthy and safe working environment and organized training on health and safety for its employees on a regular basis?	V		(III) The Company strives to create a good, harmonious, reassuring and safe working environment. Therefore, in addition to providing employees with the basic benefits stipulated in the Labor Standards Law, the Company provides employees with group insurance to ensure that they have no worries about their work. Besides, employees are encouraged to participate in various artistic and cultural activities with subsidies. The communication channel between the Company and its employees is smooth, and there are no labor disputes.	No material deviation.
(IV) Has the Company provided its employees with career development and training plans?	V		(IV) The Company regards employees as important assets, attaches great importance to the cultivation of talents, and arranges professional on-the-job training courses for employees according to the needs of various functions, so as to enhance the professional competence of employees.	No material deviation.

Item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles, and the reasons therefore:
	Yes	No	Abstract	
(V) Has the Company complied with relevant regulations and international standards on the health and safety of clients, client privacy, marketing and labeling of products and services, and formulated relevant policies and complaint procedures to protect the rights and interests of customers and clients? (VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? If so, how is the implementation status?	V	V	(V) The marketing and labeling of the Company's products and services are conducted in accordance with the relevant laws and regulations governing real estate brokerage and sales by proxy. To protect consumer rights, enhance customer satisfaction, and address service grievances, we have dedicated personnel handling service complaint channels. (VI) The Company evaluates suppliers from time to time, establishes a long-standing cooperative relationship with suppliers, appreciate the quality of the labor services provided by suppliers, and partner with suppliers to promote the fulfillment of social responsibilities.	No material deviation. No material deviation.
V. Has the Company compiled corporate social responsibility reports or reports that disclose the Company's non-financial information based on international CSR compiling standard or guidelines? Have the aforementioned reports obtained assurance or certification from third-party verification entities?	V		The company issued its first sustainability report in September 2023. However, this report has not yet been verified by a third party, and we intend to do so in the future.	No material deviation.

Item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles, and the reasons therefore:
	Yes	No	Abstract	
VI.	If the Company has formulated its Code of Practice for Sustainable Development in accordance with the Code of Practice for Sustainable Development of TWSE/GTSM Listed Companies, please describe any deviation between the policies and their implementation: No material deviation.			
VII.	Other important information on the promotion of sustainable development: The company upholds the principle of "taking from society, giving back to society," sponsoring various charitable activities, caring for disadvantaged groups, and emphasizing local cultural development, fulfilling social responsibilities. Through practical actions, we support social welfare in areas such as medical health, disadvantaged groups, and local culture. We have donated over ten million NT dollars to various organizations, including the Noordhoff Craniofacial Foundation, Taiwan Family Treasure Social Welfare Association, National Taiwan University Hospital (Orthopedic Transplantation Research and Development), New Taipei City Government, Taoyuan City Government, Tainan City Government, Taiwan Cancer Foundation, BOYO Social Welfare Foundation, and Taipei Architects Association Charity Run, among others. We organized the 'Second Blood Donation Mobilization' event during the severe pandemic and blood shortage crisis, contributing to Taiwan's blood bank and offering our support. A total of 125 people participated in blood donation, collecting 166 bags of blood, turning love into action and blood.			

(VI) Climate-Related Information of Listed and OTC Companies

Item	Implementation status:
1. The Board of Directors and management are responsible for overseeing and managing climate-related risks and opportunities.	To address various climate change issues, the ISO 14064-1 greenhouse gas inventory operation was initiated in 2024. The scope of the first-year inventory includes the headquarters, with subsequent inclusion of each subsidiary company in sequence. Progress and schedule updates will be regularly incorporated into board reports.
2. Explanation of how identified climate risks and opportunities impact the company's business, strategy, and finances in the short-term, medium-term, and long-term.	The impact of climate risks and opportunities on businesses in the short term (1 year), medium term (2-8 years), and long term (8 years and above) is analyzed. Financial and non-financial impacts of climate-related risks have been assessed. Key climate risks include the transition to low-emission technologies (low-carbon services), strengthening emission reporting obligations, increasing energy costs, and the severity and frequency increase of extreme weather events. Key climate opportunities include reducing electricity consumption, developing low-carbon products and services, and participating in renewable energy projects while adopting energy-saving measures. Consequently, three major response strategies have been formulated: promoting low-carbon services, enhancing resource efficiency, and moving towards organizational near-zero to net-zero emissions.

Item	Implementation status:
3. The Impact of Extreme Weather Events and Transition Actions on Finance	The financial impact of extreme weather events and transition actions: Extreme weather events such as typhoons and sudden heavy rainfall can result in operational disruptions at reception centers, affecting the safety and transportation of staff and reducing opportunities for guest bookings and transactions. This can have a significant financial impact on the company. Transition risks include strengthening obligations to report carbon emissions, which will increase operating costs and the cost of installing decarbonization equipment. Transition opportunities, such as modularizing the construction materials of reception centers, can lead to cost savings through reusability.
4. The process of identifying, assessing, and managing climate risks will be integrated into the overall risk management system.	Our company aims to quantitatively grasp and manage overall emissions through the upcoming greenhouse gas inventory. We will identify significant climate-related risks and opportunities and implement risk control and management operations through the respective departments. Additionally, we will disclose the proposed response strategies and provide regular reports to the Board of Directors.
5. When using scenario analysis to evaluate resilience to climate change risks, it is necessary to explain the scenario used, parameters, assumptions, analysis factors, and primary financial impacts.	The Company has not yet adopted scenario analysis for climate change.
6. If there is a transformation plan in place to address climate-related risks, please provide the details of the plan, including the indicators and objectives used to identify and manage both physical and transitional risks.	The Company manages various physical and transformation risks through three major strategic plans: 'Regulatory Compliance,' 'Hardware Equipment Updates,' and 'Greenhouse Gas Inventory.' Firstly, we regularly update climate-related regulations, strictly adhere to their requirements, and use them as the foundation for our transformation plan. Secondly, we replace air conditioning equipment with energy-saving and carbon-reducing features, and modularize the construction materials of our reception center. Lastly, we gradually complete the greenhouse gas inventory and develop reduction policies.
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	Currently, our company does not have an internal carbon pricing mechanism. In addition to awaiting further confirmation from government agencies on greenhouse gas regulations or guidelines, we plan to conduct self-assessments and implement reduction measures.

Item	Implementation status:
8. When setting climate-related goals, it is important to provide a clear explanation of the activities that will be covered, the scope of GHG emissions, the planning schedule, and the annual progress. If carbon offsetting or renewable energy certificates (RECs) are utilized to achieve these goals, it is necessary to specify the source and quantity of carbon offset or the quantity of RECs.	In 2023, the first sustainability report was issued, and the implementation of the sustainability plan has been ongoing. To minimize the impact on the surrounding environment during operations, we have invested significant resources in all environmental indicators, in pursuit of the vision of sustainable development. Our goal is to reduce the company's greenhouse gas emissions and achieve carbon neutrality for our products and activities.
9. Greenhouse gas inventory and assurance status, reduction targets, strategies, and specific action plans (also filled in sections 9-1 and 9-2).	According to the sustainability roadmap, our company, as a corporation with a capital of less than 5 billion NT dollars, should complete the greenhouse gas inventory of consolidated financial statements for parent and subsidiary companies by 2027, with the base year set as 2026. Currently, our company has not yet conducted the greenhouse gas inventory for the consolidated financial statements of parent and subsidiary companies, so we have not established a base year, reduction targets, strategies, or specific action plans.
9-1. Provide details of greenhouse gas emissions for the past two years, including emissions volume (metric tons of CO ₂ e), intensity (metric tons of CO ₂ e per million dollars), and scope of data coverage.	The company has not yet conducted a greenhouse gas inventory.
9-2. Explanation of the confirmed situation for the two most recent fiscal years as of the date of printing of the annual report, including the scope of confirmation, confirming institutions, confirming criteria, and confirming opinions.	According to the roadmap for sustainable development, our company, being a company with a capital of less than 5 billion NT dollars, is required to complete the greenhouse gas inventory for 2027 by 2028. However, our company has not yet conducted the greenhouse gas inventory.

(VII) Implementation of ethical corporate management, deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons therefore:

Assessed areas	Operations			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Abstract	
I. Formulate ethical corporate management policies and programs				
(I) Has the Company established ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?		V	(I) The Company's Board of Directors adopted the Code of Ethical Corporate Management on March 25, 2022.	No material deviation.
(II) Has the Company established a risk assessment mechanism against unethical conduct and does it analyze and assess on a regular basis business activity within its business scope which are at a higher risk of being involved in unethical conduct and establish prevention programs accordingly, which shall at least include the preventive measures specified in Article 7-2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?		V	(II) The Company conducts its business and financial operations in accordance with the relevant laws and regulations of the competent authorities, and establishes an internal control system, an accounting system, and various rules and regulations. CPAs regularly audit the financial status and internal control of the Company, and auditors regularly audit the relevant operating procedures and report to the Board of Directors in accordance with the regulations. The Company makes periodic announcements on financial and business information.	No material deviation.

Assessed areas	Operations			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Abstract	
(III) Has the Company formulated policies to prevent unethical conduct with clear statements regarding relevant procedures, code of conduct, punishments for violation, rules of appeal, and commitments to implementation of these policies? If so, has the Company regularly reviewed and amended these policies?	V		(III) The company has taken out liability insurance for directors, supervisors, and senior executives to fulfill our commitment to ethical management. It also reminds and emphasizes the importance of honesty to employees on various occasions, and establishes the code of conduct for directors and managers to ensure the interests of shareholders.	No material deviation.
II. Implement Ethical Corporate Management				
(I) Has the Company assessed the ethics records of anyone with whom it has a business relationship and included business conduct and ethics-related clauses in business contracts?	V		(I) Before establishing the business relationship, the Company first evaluates the legitimacy, the ethical corporate management policy, and relevant records of the counterparty to ensure that its business operation is fair and transparent. If unethical behaviors are found, the Company will immediately stop business dealings with the counterparty and list it as the object of refusal.	No material deviation.
(II) Has the Company set up a unit dedicated to promoting the Company's ethical standards reporting regularly (at least once a year) to the Board of Directors on the implementation of ethical corporate management policies and prevention programs against unethical conduct?	V		(II) The Company has not set up a dedicated unit to promote ethical corporate management.	No material deviation.
(III) Has the Company formulated policies to prevent conflicts of interest, provided appropriate communication and complaint channels, and implemented such policies properly?	V		(III) When a director is involved in a conflict of interest during the operation of the Board of Directors, the Company will immediately recuse himself from voting and discussion.	No material deviation.

Assessed areas	Operations			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Abstract	
(IV) Has the Company established effective accounting and internal control systems for the implementation of ethical corporate management? Has its internal audit unit devised relevant audit plans based on the assessment results of the risk of involvement in unethical conduct, and checked the compliance with the prevention programs or entrusted CPAs to conduct such an audit?		V	(IV) The operation of the effective accounting and internal control systems established by the Company for the implementation of ethical corporate management, as well as the inspection by internal auditors.	No material deviation.
(V) Has the Company provided internal and external ethical conduct training programs on a regular basis?		V	(V) Every year, the Company holds education and training for employees from time to time or promotes the ethical corporate management at meetings.	No material deviation.
III. Operation of the Company's whistle-blowing system				
(I) Has the Company established specific whistle-blowing and reward systems, set up conveniently accessible whistle-blowing channels, and designated responsible individuals to handle the person(s) being reported?	V		(I) The Company has established the "Procedure for Handling Reports of Illegal, Unethical, or Dishonest Behavior," with the Customer Service Department and the Audit Unit as the primary responsible units.	No material deviation.
(II) Has the Company established standard operating procedures for investigating reported misconduct, follow-up measures to be taken after investigations, and related confidentiality mechanisms?	V		(II) The Company has established the "Procedure for Handling Reports of Illegal, Unethical, or Dishonest Behavior." This includes standard operating procedures for processing reports, actions to be taken following investigations, and relevant confidentiality measures.	No material deviation.

Assessed areas	Operations			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Abstract	
(III) Has the Company adopted proper measures to protect whistle blowers from retaliation for their actions?	V		(III) The Company is committed to safeguarding the identity of whistle-blowers and the information provided by stakeholders to prevent any personal interests of the whistle-blowers from being compromised or any differential treatment in terms of promotions, transfers, or other job conditions due to the content of the whistle-blowing. However, this protection does not extend to whistle-blowing conducted with the intent of defamation, forgery, or malicious intent. Whistle-blowing content should be strictly confidential, and those responsible for investigating whistle-blower reports must maintain strict confidentiality regarding the whistle-blower's identity and the content of the report. If there is a necessity to disclose the identity of the whistle-blower, consent must be obtained from the whistle-blower beforehand.	No material deviation.
IV. Strengthen information disclosure Has the Company disclosed, on its website or on the Market Observation Post System, its ethical corporate management policies and the effectiveness of the promotion thereof?	V		The Company has disclosed relevant and reliable information related to the ethical corporate management on the Market Observation Post System as required by law.	No material deviation.
V. If the Company has established ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation between the policies and their implementation: N/A.				
VI. Other important information that facilitates a better understanding of the Company's ethical corporate management policy (e.g., review and amend its policy): N/A.				

(VIII) If the company has established corporate governance codes and related bylaws, their query methods shall be disclosed:

The Company has established the Corporate Governance Best Practice Principles and relevant regulations to protect the interests of shareholders and strengthen the responsibilities of directors, which can be found on the Company's website: <http://www.hiyes-group.com.tw/>

(IX) Critical information that can enhance the understanding of the company's corporate governance practices shall be disclosed: N/A.

(X) The internal control system implementation status shall disclose the following matters

1. Statement of internal control system.

Hi-Yes International Co., Ltd.
Statement of internal control system

Date: March 15, 2024

Based on the self-evaluation results of internal control system in 2023, the Company hereby states as follows:

- I. Our company acknowledges that establishing, implementing, and maintaining internal control systems are the responsibility of the company's board of directors and management. We have already established such a system. The objective is to provide reasonable assurances that the goals of operational effectiveness and efficiency (including profitability, performance, asset security, etc.), financial report reliability, timeliness, transparency, and regulatory compliance will be achieved.
- II. Internal control regulations possess inherent shortcomings. Regardless of its design, an effective internal control system can only provide reasonable assurance of the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. However, the Company's internal control system includes a mechanism for self-monitoring. If deficiencies are identified, corrective action is promptly taken.
- III. Our company evaluates the effectiveness of the internal control system based on the criteria outlined in the 'Guidelines for Establishing Internal Control Systems for Publicly Traded Companies' (hereinafter referred to as the 'Guidelines'). These criteria are used to assess whether the design and implementation of the internal control system are effective. The criteria utilized in the 'Guidelines' categorize the internal control system into five components based on the management control process: 1. Control Environment, 2. Risk Assessment and Response, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each component includes several items. Please refer to the provisions of the 'Guidelines' for the specific items mentioned above.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the Regulations.
- V. Based on the aforementioned evaluation results, the company believes that the design and execution of its December 31, 2023 internal control system (including those adopted for supervision and management of subsidiary branches) are effective in terms of understanding of operational effectiveness, level of efficiency fulfillment, financial reporting reliability, timeliness, transparency, and regulatory compliance-related internal control system items; and that the company can reasonably achieve the aforementioned goals.

- VI. This statement will be included as the primary content in the company's annual report and public disclosure document, which will be made available to the public. Any false or concealed illegal matters in the aforementioned public content will result in legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. This Statement was adopted by the meeting of the Board of Directors held on March 15, 2024, with all 12 directors (including 0 directors attended the board meeting by proxy) present having no dissenting opinions and affirming the content of this Statement.

Hi-Yes International Co., Ltd.

Chairperson: Huang, Hsi-Wen Signature and seal

President Wang, Chun-Chieh Signature and seal

2. If the internal control system review is conducted by commissioned CPAs, the said CPAs' review report shall be disclosed:

(XI) Any legal penalty incurred by the Company and its internal personnel or any penalty inflicted by the Company on its internal personnel for non-compliance with the internal control system, major non-compliances, and relevant improvement measures in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report: N/A.

(XII) Critical resolutions made during shareholders and Board of Directors' meetings in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report:

1. Major resolutions and implementations from the Shareholders' Meeting in the most recent fiscal year:

Meeting name/Date	Critical resolution matters	Implementation status:
2023 Annual General Shareholders' Meeting June 16, 2023	Adopted the 2022 Annual Business Report and Financial Statement.	Not applicable.
	Adopted the distribution of earnings of the Company for 2022.	The shareholders' meeting approved the distribution of dividends of NT\$1.6 per share for Class A preferred shares and NT\$5 per share for common shares in cash. The Board of Directors set July 24, 2023, as the ex-dividend date. Dividends were then distributed on August 14, 2023, with NT\$1.6 per share for preferred shares and NT\$5 per share for common shares.
	Adopted amendments to partial provisions of the Articles of Association.	Performed the registration of changes in the Articles of Association. It was registered with the Ministry of Economic Affairs on August 21, 2023, and announced on the Company's website.
	Adopted amendments to partial provisions of the Rules of Procedure for the Shareholders' Meeting.	It has been handled in accordance with the revised procedures and uploaded to the Company's website.

2. Major resolutions of the board meetings in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report:

Date of the board meeting:	Period of the board meeting	Summary of the motion	Opinions of independent directors	Handling of the opinions of the independent directors by the Company
2023/01/13	8th meeting of the 13th term	Proposed amendments to partial provisions of the Rules of Procedure for the Board Meeting	N/A	N/A
		Proposed amendments to partial provisions of the Rules of Procedure for Handling Material Internal Information	N/A	N/A
		Proposed amendments to partial provisions of the Regulations Governing the Remuneration of Directors and Managers	N/A	N/A
		Proposed the Year-end Bonus Plan for the Company's managers for 2022	N/A	N/A
		Proposed to make an endorsement/guarantee for Jin Yu Tai Co., Ltd.	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Xin International Co., Ltd.	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Ju Construction Co., Ltd.	N/A	N/A
		Proposed to raise funds from banks	N/A	N/A

Date of the board meeting:	Period of the board meeting	Summary of the motion	Opinions of independent directors	Handling of the opinions of the independent directors by the Company
2023/03/24	9th meeting of the 13th term	2022 business report and financial statements of the Company	N/A	N/A
		Proposed the compensation to employees, directors, and supervisors for 2022	N/A	N/A
		Proposed the distribution of earnings of the Company for 2022	N/A	N/A
		Proposed to issue the Statement of Internal Control System for 2022	N/A	N/A
		Proposed amendments to partial provisions of the Articles of Association	N/A	N/A
		Proposed to formulate the Procedure for the Repurchase of Treasury Stocks	N/A	N/A
		Proposed not to handle the privately placed securities approved at the 2022 annual shareholders' meeting upon expiration	N/A	N/A
		Proposed appointment of CPAs of the Company and Remuneration Plan for 2023	N/A	N/A
		Change in Vice President of Media Data Department	N/A	N/A
		Change in internal audit officer	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Yu International Co., Ltd.	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Xin International Co., Ltd.	N/A	N/A
		Proposed to make an endorsement/guarantee for Hi-Yes Construction Co., Ltd.	N/A	N/A
		Proposed to raise funds from banks	N/A	N/A
		Received proposals from shareholders who held more than 1% of Company's shares	N/A	N/A
		Proposed to handle matters related to the convening of 2023 shareholders' meeting	N/A	N/A
2023/05/12	10th meeting of the 13th term	Financial Statements of the Company for Q1 2023	N/A	N/A
		Proposed to raise funds from banks	N/A	N/A
2023/06/30	11th meeting of the 13th term	Proposed the ex-dividend date for cash dividend for 2022 and related matters	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Xin International Co., Ltd.	N/A	N/A

Date of the board meeting:	Period of the board meeting	Summary of the motion	Opinions of independent directors	Handling of the opinions of the independent directors by the Company
		Proposed to make an endorsement/guarantee for Hai Yu International Co., Ltd.	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Ju Construction Co., Ltd.	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Yan Construction Co., Ltd.	N/A	N/A
		Proposed to raise funds from banks	N/A	N/A
2023/07/24	12th meeting of the 13th term	Proposed to make an endorsement/guarantee for Jin Yu Tai Co., Ltd.	N/A	N/A
2023/08/11	13th meeting of the 13th term	Financial Statements of the Company for Q2 2023	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Xin International Co., Ltd.	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Ju Construction Co., Ltd.	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Yu International Co., Ltd.	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Yan Construction Co., Ltd.	N/A	N/A
		Proposed to raise funds from banks	N/A	N/A
2023/11/10	14th meeting of the 13th term	Financial Statements of the Company for Q3 2023	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Yu International Co., Ltd.	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Yan Construction Co., Ltd.	N/A	N/A
		Proposed to make an endorsement/guarantee for Jin Yu Tai Co., Ltd.	N/A	N/A
		Proposed to raise funds from banks	N/A	N/A
		Assessment of the independence of the Company's CPAs	N/A	N/A

Date of the board meeting:	Period of the board meeting	Summary of the motion	Opinions of independent directors	Handling of the opinions of the independent directors by the Company
		Proposed to increase the cash capital of subsidiary Jin Yu Tai Co., Ltd.	N/A	N/A
		Proposed to elect the information security officer of the Company	N/A	N/A
2023/12/22	15th meeting of the 13th term	Proposed the compensation to employees for 2022	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Xin International Co., Ltd.	N/A	N/A
		Audit Plan for the Year 2024	N/A	N/A
		Amendment of certain articles of the 'Internal Control Procedures for Computerized Information Operations' of the Company	N/A	N/A
		Amendments to partial provisions of the Company's Rules of Procedure for the Shareholders' Meeting	N/A	N/A
		Proposed to raise funds from banks	N/A	N/A
		Proposed disposition of old downtown roads in Tainan	N/A	N/A
2024/02/02	16th meeting of the 13th term	Proposed the Year-end Bonus Plan for the Company's managers for 2023	N/A	N/A
		Proposed disposition of downtown roads in Tainan	N/A	N/A
		Proposed to make an endorsement/guarantee for Hai Xin International Co., Ltd.	N/A	N/A
		Proposed to ratify funds from banks	N/A	N/A
		Proposed authorization of land development quota for 2024	N/A	N/A
2024/03/15	17th meeting of the 13th term	2023 business report and financial statements	N/A	N/A
		Proposed the compensation to employees, and directors for 2023	N/A	N/A
		Proposed the distribution of earnings of the Company for 2023	N/A	N/A
		Proposed the surplus profit distributed in the form of new shares	N/A	N/A
		Proposed to issue the Statement of Internal Control System for 2023	N/A	N/A
		Proposed appointment of CPAs of the Company and Remuneration Plan for 2024	N/A	N/A

Date of the board meeting:	Period of the board meeting	Summary of the motion	Opinions of independent directors	Handling of the opinions of the independent directors by the Company
		Commissioning Mega International Commercial Bank to coordinate the 4-year syndicated credit and subsidiary endorsement guarantee	N/A	N/A
		Received proposals from shareholders who held more than 1% of Company's shares	N/A	N/A
		Proposed to handle matters related to the convening of 2024 shareholders' meeting	N/A	N/A
2024/04/19	18th meeting of the 13th term	Proposed to sign a contract for the joint construction of Zhenfu Section in Taichung City	N/A	N/A
		Initiating the first round of repurchase of treasury shares for employee transfer	N/A	N/A
		Proposed to raise funds from banks	N/A	N/A

(XIII) Major contents of any dissenting opinions on record or stated in a written statement made by directors or supervisors against major resolutions of the Board of Directors in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report: N/A.

(XIV) Summary of the resignation and dismissal of personnel including chairperson, president, accounting supervisors, finance supervisors, internal audit officer, chief corporate governance officer, and R&D supervisors in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report: N/A.

V. CPA fees:

Name of the accounting firm	CPA name		Audit period	Remarks
Deloitte & Touche	Kuo, Li-Wen	Chen, Pei-Te	2023/01/01 ~ 2023/12/31	—

(I) Evaluation Form for the Suitability and Independence of CPAs in 112

In 2023, the Company obtained the Statement of the Independent CPAs and selected professional, responsible and independent CPAs in accordance with Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and periodically (at least once a year) evaluated the independence of the appointed CPAs.

Item	Evaluation indicator	Evaluation results	
		Yes	No
1.	There is no direct or significant indirect financial interest between CPAs and the Company.	V	
2.	CPAs have no significant and close business relationship or potential employment relationship with the Company.	V	

Item	Evaluation indicator	Evaluation results	
		Yes	No
3.	CPAs shall not act as the defenders of the Company or act on behalf of the Company to mediate any conflict with any other third party.	V	
4.	CPAs, their spouses, or minor children have not borrowed money from the Company.	V	
5.	Neither the CPA nor any member of the audit team currently holds, or has held within the last two years, any position as a director or manager of the Company or has had a significant influence on the audit work.	V	
6.	CPAs discuss, as appropriate, the financial statements, including new releases and the applicability of significant accounting principles.	V	
7.	CPAs shall not advertise or act as an intermediary for the stocks or other securities issued by the Company.	V	
8.	There is no CPA who has left office within one year serves as a director or manager of the Company or holds a position that has a significant impact on the audit work.	V	
9.	CPAs are not spouses, direct relatives, relatives in-law or relatives within the second degree of kinship of the Company's directors, managers, or personnel had material influence on the audit work.	V	
10.	The Company does not require its CPAs to accept improper selection of accounting policies by management or improper disclosure in its financial statements.	V	

(II) CPA fees

Unit: NT\$ thousand

Name of the accounting firm	CPA name	Audit period	Public expenses for audit	Non-public expenses for audit	Total	Remarks
Deloitte & Touche	Kuo, Li-Wen Chen, Pei-Te	2023.01.01 ~2023.12.31	5,350	602	5,952	Note (1)

(1) In 2023, the non-audit fees paid by the Company accounted for 11.25% of the audit fees, mainly consisted of the fees for the CPA's review opinions and the transaction expenses during the audit period.

(III) If the CPA firm has been changed and the annual audit public expenses were lower for the year of the firm change compared to that of the previous year, then audit public expenses before and after the changes and the reason for such changes should be disclosed: NA

(IV) If the audit public expense has been decreased by over 10% compared to the previous year, the amount, ratio, and reason of the public expense reduction shall be disclosed: N/A.

VI. Information on the change of CPAs: N/A.

VII. If the chairperson, president, or finance or accounting managers of the Company worked in the CPA firm or an affiliate thereof within the most recent fiscal year, it shall disclose the name, title and the period of working in the CPA firm or its affiliates: N/A.

VIII. Changes in transfer or pledge of shares made by directors, supervisors, managers, and major shareholders holding more than 10% of the Company's shares in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report:

1. Changes in equity transfer and pledge:

Unit: share

Title	Name	2023				As of April 20 of 2024			
		Common shares (Note 1)		Preferred shares		Common shares (Note 2)		Preferred shares	
		Number of shares held added (subtracted)	Numbers of pledged shares added (subtracted)	Number of shares held added (subtracted)	Numbers of pledged shares added (subtracted)	Number of shares held added (subtracted)	Numbers of pledged shares added (subtracted)	Number of shares held added (subtracted)	Numbers of pledged shares added (subtracted)
Chairperson and CEO	Fuyue Investment Co., Ltd.	-	(5,550,000)	-	-	-	-	-	-
	Representative: Huang, Hsi-Wen	(775,000)	(1,590,000)	-	-	-	-	-	-
Director	Fuyue Investment Co., Ltd.	-	(5,550,000)	-	-	-	-	-	-
	Representative: Tseng, Chun-Sheng	-	(1,400,000)-	-	-	-	(156,000)	-	-
	Representative: Wang, Chun-Chieh	-	(2,105,000)	-	-	-	(1,500,000)	-	-
	Representative: Lin, Fu-Cheng	-	(1,705,000)	-	-	-	(1,500,000)	-	-
	Representative: Huang, Han	1,510,000	-	-	-	-	-	-	-
	Jendan Investment Inc.	-	-	-	-	-	-	-	-
	Representative: Huang, Shu-Mei	-	-	-	-	-	-	-	-
	Yanwen Asset Management Consulting Co., Ltd.	-	-	-	-	-	-	-	-
	Representative: Chan, Wen-Hsiung	(968,000)	-	-	-	-	-	-	-
	Wan Century World Co., Ltd.	-	-	-	-	-	-	-	-
	Representative: Lu, Lien-Sheng	-	-	-	-	-	-	-	-
	Chiang, Ju-Jung	-	-	-	-	-	-	-	-
Shareholders holding more than 10% of the Company's shares	Fuyue Investment Co., Ltd.	-	(5,500,000)	-	-	-	-	-	-
	Huang, Hsi-Wen	(775,000)	(1,590,000)	-	-	-	-	-	-
President	Wang, Chun-Chieh	-	(2,105,000)	-	-	-	-	-	-
President of Strategy	Tseng, Chun-Sheng	-	(1,400,000)	-	-	-	-	-	-
President of Planning	Lin, Fu-Cheng	-	(1,705,000)	-	-	-	-	-	-
Vice President of Finance	Huang Chiang-Huang	-	-	-	-	-	-	-	-
Vice President of Investment Management Department	Lin, Ching-Yi	-	-	-	-	-	-	-	-
Chief Accounting Officer	Kao, Ping-Chih	-	-	-	-	1,000	-	-	-

Note 1: The change in the number of ordinary shares held in 2023 is primarily attributed to gifts and transactions in the Stock Exchange Market. Any increase or decrease in pledged shares during this period is reported in compliance with regulations.

Note 2: In 2024, the change in the number of common shares held was mainly due to the Stock Exchange Market, which was declared in accordance with the regulations.

2. Information on the counterparty of the equity transfer:

Unit: share; NT\$

Name	Reasons for share transfer	Date of transaction	Transaction counterparty	Relationship between the transaction counterparty; company, director, supervisors managers as well as shareholders with more than 10% stake	Number of shares	Trading Price
Huang, Hsi-Wen	Donation	2023.01.03	Huang, Han	Children of the Chairperson of the Company	755,000	48,093,500

3. Information on the counterparty of the equity pledge: N/A.

IX. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree)

1. Common shares

April 20, 2024 / Unit: share; %

Name	Personal shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Names and relationship between the top 10 major shareholders or spouses/relatives within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Fuyue Investment Co., Ltd.	16,764,000	14.32	—	—	—	—	Tseng, Chun-Sheng	Supervisor	N/A
Representative: Huang, Hsi-Wen	14,955,090	12.77	2,420,700	2.07	2,695,880	2.30	Huang, Han	Children	N/A
							Fuyue Investment Co., Ltd.	Chairperson	N/A
Huang, Hsi-Wen	14,955,090	12.77	2,420,700	2.07	2,695,880	2.30	Huang, Han	Children	N/A
							Fuyue Investment Co., Ltd.	Chairperson	N/A
Wang, Chun-Chieh	9,948,410	8.50	2,502,280	2.14	—	—	Huang, Su-Mei	Spouse	N/A
Tseng, Chun-Sheng	7,954,210	6.79	2,635,960	2.25	4,815,520	4.11	Ke, Min-Hsi	Spouse	N/A
							Fuyue Investment Co., Ltd.	Supervisor	N/A
Lin, Fu-Cheng	7,018,000	5.99	2,303,840	1.97	—	—	-	-	N/A
Shenglun Investment Co., Ltd.	4,815,520	4.11	-	-	-	-	-	-	N/A
Representative: Ke, Min-Hsi	2,635,960	2.25	7,954,210	6.79	-	-	Tseng, Chun-Sheng	Spouse	N/A
							Shenglun Investment Co., Ltd.	Chairperson	N/A
Huang, Han	3,386,600	2.89	—	—	—	—	Huang, Hsi-Wen	Parent	N/A
Humble Investments Ltd.	2,695,880	2.30	-	-	-	-	-	-	N/A
Representative: Cheng, Wen-Jung	2,420,700	2.07	14,955,090	12.77	-	-	Huang, Hsi-Wen	Spouse	N/A
							Humble Investments Ltd.	Chairperson	N/A
Ke, Min-Hsi	2,635,960	2.25	7,954,210	6.79	—	—	Tseng, Chun-Sheng	Spouse	N/A
							Shenglun Investment Co., Ltd.	Chairperson	N/A
Huang, Su-Mei	2,502,280	2.14	9,948,410	8.50	—	—	Wang, Chun-Chieh	Spouse	N/A

2. Preferred shares

April 20, 2024 / Unit: share; %

Name	Personal shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Names and relationship between the top 10 major shareholders or spouses/relatives within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Proprietary Department of Mega Securities Co., Ltd.	9,670,000	32.23	—	—	—	—	—	—	N/A
Representative: Chen, Pei-Chun	—	—	—	—	—	—	—	—	N/A
Fuyue Investment Co., Ltd.	8,750,000	29.17	—	—	—	—	—	—	N/A
Representative: Huang, Hsi-Wen	—	—	—	—	—	—	—	—	N/A
Four Season's Logistics Services Int'l Corp	1,500,000	5.00	—	—	—	—	—	—	N/A
Representative: Kan Lai, Jung-Yu	—	—	—	—	—	—	J&C Kan Trading Co., Ltd.	Chairperson	N/A
J&C Kan Trading Co., Ltd.	1,500,000	5.00	—	—	—	—	—	—	N/A
Representative: Kan Lai, Jung-Yu	—	—	—	—	—	—	Four Season's Logistics Services Int'l Corp	Chairperson	N/A
Dingyue Investment Co., Ltd.	750,000	2.50	—	—	—	—	—	—	N/A
Representative: Wang, Chun-Chieh	191,000	0.64	—	—	—	—	—	—	N/A
Liyue Industrial Co., Ltd.	375,000	1.25	—	—	—	—	—	—	N/A
Representative: Huang, Su-Mei	—	—	—	—	—	—	—	—	N/A
Heart Asset Co., Ltd.	297,000	0.99	—	—	—	—	—	—	N/A
Representative: Chang, Hsin-Hsin	—	—	—	—	—	—	—	—	N/A
Fan, Chia-Ling	276,557	0.92	—	—	—	—	—	—	N/A
Lanhai Investment Co., Ltd.	250,000	0.83	—	—	—	—	—	—	N/A
Representative: Lin, Ting-Wei	—	—	—	—	—	—	—	—	N/A
Sheng Lin Investment Co., Ltd. "晟霖投資(股)公司"	242,000	0.81	—	—	—	—	—	—	N/A
Representative: Jason C Kan	—	—	—	—	—	—	—	—	N/A

X. The number of shares held by the Company, its directors, supervisors, managers and businesses directly or indirectly controlled by the Company in the same reinvestment business and the percentage of shareholding are calculated as follows:

December 31, 2023/Unit: share;%

Reinvestment business (note)	Shares invested by the company		Investments of directors and managers and (in)directly controlled businesses		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Hi-Yes Construction Co., Ltd.	111,000,000	100.00	--	--	111,000,000	100.00
Haixia Construction Co., Ltd.	15,300,000	100.00	—	—	15,300,000	100.00
Yueda Construction Co., Ltd.	—	—	14,300,000	55.00	14,300,000	55.00
Haixin International Co., Ltd.	2,550,000	85.00	—	—	2,550,000	85.00
Haiyan Construction Co., Ltd.	3,500,000	70.00	--	--	3,500,000	70.00
Haiju Development Co., Ltd.	2,550,000	85.00	—	—	2,550,000	85.00
JP Vendome Co., Ltd.	450,000	30.00	100,000	6.67	550,000	36.67
Liansheng Investment Co., Ltd.	6,000,000	20.00	—	—	6,000,000	20.00
Haihui Construction Co., Ltd.	5,000,000	100.00	—	—	5,000,000	100.00
Hiyu International Co., Ltd.	2,550,000	85.00	—	—	2,550,000	85.00
NanYue Construction Co., Ltd.	6,750,000	75.00	—	—	6,750,000	75.00
Jin Yutai Co., Ltd.	165,886,421	56.23	—	—	165,886,421	56.23
Shenghua Development Co., Ltd.	60,000	20.00	—	—	60,000	20.00
Hongsheng Real Estate Co., Ltd.	--	--	3,200,000	32.00	3,200,000	32.00
Smart Built Construction Technology Co., Ltd.	--	--	5,000,000	30.03	5,000,000	30.03

Note: The Company employed the equity method for investments.

Chapter 4 Fund-raising Conditions

I. Capital and Shares

(I) Source of capital:

1. Formation of capital in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report:

Unit: thousand shares/NT\$ thousand

Year/ month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (in thousands)	Amount (NT\$ thousand)	Number of shares (in thousands)	Amount (NT\$ thousand)	Source of capital (NT\$ thousand)	Offset share amount with assets other than cash	Others
1987.08.12	\$10	2,000	20,000	500	5,000	Establishment	N/A	N/A
1988.03.16	\$10	2,000	20,000	1,000	10,000	Issuance of common stock for cash: 5,000	N/A	N/A
1988.12.12	\$10	3,000	30,000	3,000	30,000	Issuance of common stock for cash: 20,000	N/A	N/A
1989.07.20	\$10	4,000	40,000	4,000	40,000	Issuance of common stock for cash: 10,000	N/A	N/A
1990.06.26	\$10	10,000	100,000	8,000	80,000	Issuance of common stock for cash: 40,000	N/A	N/A
1992.12.21	\$10	19,500	195,000	19,500	195,000	Issuance of common stock for cash: 115,000	N/A	N/A
1993.10.28	\$12 \$10	60,000	600,000	40,000	400,000	Issuance of common stock for cash: 80,500 Surplus profit distributed in the form of new shares: 124,500	N/A	N/A
1994.10.15	\$20 \$10	78,000	780,000	64,900	649,000	Issuance of common stock for cash: 49,000 Surplus profit distributed in the form of new shares: 200,000	N/A	N/A
1995.05.15	\$10	90,000	900,000	90,000	900,000	Surplus profit distributed in the form of new shares: 251,000	N/A	N/A
1996.09.26	\$25 \$10	350,000	3,500,000	158,500	1,585,000	Issuance of common stock for cash: 400,000 Surplus profit distributed in the form of new shares: 285,000	N/A	N/A
1996.12.28	-	350,000	3,500,000	172,920	1,729,200	Certificate of entitlement to new share from convertible bond: 144,200	N/A	N/A
1997.07.03	-	450,000	4,500,000	263,869	2,638,698	Surplus profit and capital surplus transferred to common stock: 885,625 Certificate of entitlement to new share from convertible bond transferred to common stock: 23,873	N/A	N/A
1997.12.12	\$80	450,000	4,500,000	293,869	2,938,698	Issuance of common stock for cash: 300,000	N/A	N/A
1998.07.10	-	490,000	4,900,000	429,511	4,295,113	Surplus profit and capital surplus transferred to common stock: 1,356,415	N/A	N/A
2002.09.02	-	490,000	4,900,000	128,705	1,287,052	Decrease in capital: 3,008,061	N/A	N/A
2004.06.11	-	200,000	2,000,000	128,705	1,287,052	Change in authorized capital	N/A	N/A
2006.08.31	-	200,000	2,000,000	68,705	687,052	Decrease in capital: 600,000	N/A	N/A
2006.11.24	-	200,000	2,000,000	108,705	1,087,052	Private placement: 400,000	N/A	N/A
2010.12.27	-	200,000	2,000,000	38,705	387,052	Decrease in capital: 700,000	N/A	N/A
2010.12.29	\$6.67	200,000	2,000,000	48,705	487,052	Private placement: 100,000 -- 2011.01.14 Fu-Chan-Ye-Shang-Zi No. 10080213310	N/A	N/A
2011.06.24	\$8	200,000	2,000,000	58,705	587,052	Private placement: 100,000 -- 2011.07.08 Jing-Shou-Shang-Zi No. 10001145040.	N/A	N/A
2011.09.28	\$2.5	200,000	2,000,000	84,105	841,052	Private placement: 254,000 -- 2011.10.06 Jing-Shou-Shang-Zi No. 10001229170.	N/A	N/A
2011.12.28	\$4	200,000	2,000,000	103,705	1,037,052	Private placement: 196,000 -- 2011.12.30 Jing-Shou-Shang-Zi No. 10001294130.	N/A	N/A
2012.07.04	\$1.5	200,000	2,000,000	159,705	1,597,052	Private placement: 560,000 -- 2012.07.06 Jing-Shou-Shang-Zi No. 10101125980.	N/A	N/A
2012.10.23	-	200,000	2,000,000	15,600	156,000	Private placement: 1,441,052-- 2012.11.28 Fu-Chan-Ye-Shang-Zi No. 10190028300.	N/A	N/A
2012.11.09	\$5.38	200,000	2,000,000	17,600	176,000	Private placement: 20,000-- 2012.11.28 Fu-Chan-Ye-Shang-Zi No. 10190028300.	N/A	N/A
2013.01.25	\$4.87	200,000	2,000,000	85,600	856,000	Private placement: 680,000 -- 2013.02.19 Jing-Shou-Shang-Zi No. 10201028580.	N/A	N/A

Year/ month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (in thousands)	Amount (NT\$ thousand)	Number of shares (in thousands)	Amount (NT\$ thousand)	Source of capital (NT\$ thousand)	Offset share amount with assets other than cash	Others
2020.04.16	--	200,000	2,000,000	87,515	875,152	Convertible bond transferred to common share: 19,152	N/A	N/A
2020.09.04	--	200,000	2,000,000	90,956	909,564	Convertible bond transferred to common share: 34,412	N/A	N/A
2020.10.06	--	200,000	2,000,000	96,783	967,837	Convertible bond transferred to common share: 58,273	N/A	N/A
2021.08.26	\$10	200,000	2,000,000	106,462	1,064,619	Surplus profit distributed in the form of new shares: 96,784	N/A	N/A
2021.10.26	\$40	200,000	2,000,000	Common shares: 106,462 Preferred shares: 30,000	1,364,619	Issuance of preferred shares: 300,000	N/A	N/A
2022.08.17	\$10	300,000	3,000,000	Common shares: 117,108 Preferred shares: 30,000	1,471,081	Surplus profit distributed in the form of new shares: 106,462	N/A	N/A

2. Type of shares

April 20, 2024 / Unit: share

Type of shares	Authorized capital			Remarks
	Number of shares outstanding	Unissued shares	Total	
Registered common shares	117,108,117	152,891,883	300,000,000	N/A
Preferred share - Class A	30,000,000			

3. If approval has been granted to offer and issue securities by shelf registration: N/A.

(II) Shareholder structure

1. Common shares

April 20, 2024 ; Unit: account/share

Shareholder structure Quantity	Government Agencies	Financial Institutions	Other legal person	Individuals	Foreign institutions or foreigners	Total
Number of Shareholders	0	1	100	19,395	53	19,549
Number of shares held	0	70,000	37,541,134	75,909,499	3,587,484	117,108,117
Shareholding ratio	0%	0.06%	32.06%	64.82%	3.06%	100.00%

2. Preferred shares

April 20, 2024 ; Unit: account/share

Shareholder structure Quantity	Government Agencies	Financial Institutions	Other legal person	Individuals	Foreign institutions or foreigners	Total
Number of Shareholders	0	0	26	3,325	7	3,358
Number of shares held	0	0	23,689,642	6,286,566	23,792	30,000,000
Shareholding ratio	0%	0%	78.97%	20.96%	0.07%	100.00%

(III) Shareholding distribution status

1. Common shares

April 20, 2024 ; Unit: account/share

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 - 999	15,648	811,014	0.69%
1,000 - 5,000	3,195	5,782,276	4.94%
5,001 - 10,000	309	2,353,540	2.01%
10,001 - 15,000	131	1,631,947	1.39%
15,001 - 20,000	47	859,260	0.73%
20,001 - 30,000	66	1,674,713	1.43%
30,001 - 40,000	28	963,886	0.82%
40,001 - 50,000	24	1,124,500	0.96%
50,001 - 100,000	37	2,702,558	2.31%
100,001 - 200,000	19	2,328,585	1.99%
200,001 - 400,000	11	2,664,702	2.28%
400,001 - 600,000	10	4,952,496	4.23%
600,001 - 800,000	4	2,682,850	2.29%
800,001 - 1,000,000	3	2,688,500	2.30%
1,000,001 and above	17	83,887,290	71.63%
Total	19,549	117,108,117	100.00%

2. Preferred shares:

April 20, 2024 ; Unit: account/share

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 - 999	1,871	297,912	0.99%
1,000 - 5,000	1,288	1,766,712	5.89%
5,001 - 10,000	71	552,255	1.84%
10,001 - 15,000	58	715,730	2.39%
15,001 - 20,000	16	288,663	0.96%
20,001 - 30,000	14	354,000	1.18%
30,001 - 40,000	5	176,000	0.59%
40,001 - 50,000	10	477,000	1.59%
50,001 - 100,000	8	589,171	1.96%
100,001 - 200,000	6	947,000	3.16%
200,001 - 400,000	6	1,665,557	5.55%
400,001 - 600,000	0	0	0.00%
600,001 - 800,000	1	750,000	2.50%
800,001 - 1,000,000	0	0	0.00%
1,000,001 and above	4	21,420,000	71.40%
Total	3,358	30,000,000	100.00%

(IV) List of major shareholders: Shareholders who hold more than 5% of the total shares or those with the top ten shareholding ratios

April 20, 2024 ; Unit: share

Shares	Number of shares held	Shareholding ratio
Major Shareholder's Name		
Fuyue Investment Co., Ltd.	16,764,000	14.32%
Huang, Hsi-Wen	14,955,090	12.77%
Wang, Chun-Chieh	9,948,410	8.50%
Tseng, Chun-Sheng	7,954,210	6.79%
Lin, Fu-Cheng	7,018,000	5.99%
Shenglun Investment Co., Ltd.	4,815,520	4.11%
Huang, Han	3,386,600	2.89%
Humble Investments Ltd.	2,695,880	2.30%
Ke, Min-Hsi	2,635,960	2.25%
Huang, Su-Mei	2,502,280	2.14%

Note: Those disclosed in this table are the top ten shareholders holding common stocks.

(V) Information on market price per share, net worth, earnings, dividends in the most recent two fiscal years

Unit: NT\$; thousand shares

Item \ Year		2022	2023	As of March 31, 2024 (Note)
Market price per share	Highest	119.50	94.50	139.00
	Lowest	57.10	62.80	90.70
	Average	85.54	72.95	113.30
Net worth per share	Before distribution	39.76	48.17	—
	After distribution	35.46	—	—
Earnings per share	Weighted average number of shares	116,951	115,969	115,969
	Before adjustment	7.88	13.86	—
	After adjustment	—	—	—
Dividend per share	Cash dividends	5	7	—
	Stock dividends	Earnings	—	—
		Capital Reserve	—	—
	Accumulated unpaid dividends		—	—
Return on investment	Price to earnings ratio	10.86	5.26	—
	Price to dividends ratio	17.11	10.42	—
	Cash dividend yield	5.85	9.60	—

Note: As of the printing date of the annual report, the earnings per share and net asset value per share data for the most recent quarter, which were reviewed by the accountants, are not yet available.

(VI) Dividend policy and implementation status:

1. Dividend Policy:

If the Company makes a profit, it shall pay taxes in accordance with the law. After making up for the accumulated losses, the Company shall set aside 10% of the remaining profit as statutory surplus reserve. If the statutory surplus reserve reaches the Company's total capital, the special surplus reserve shall be appropriated as required by law. The rest may be added to the accumulated undistributed earnings as shareholders' dividends, and the Board of Directors shall prepare the distribution plan for earnings and submit it to the shareholders' meeting for resolution.

The Company's dividend policy is in line with the current and future development plans, considering the investment environment, capital needs, and domestic and foreign competition conditions while shareholders' interests and other factors are taken into account as well. Shareholder dividends can be distributed in cash or in stock with cash dividends not less than 10% of the total dividends.

2. Distribution of Dividends Proposed in the shareholders' meeting

On March 15, 2024, the Board of Directors proposed the profit distribution plan for 2023, with a NT\$2 per share in stock dividends and cash dividend of NT\$7 per share. The cash dividend received by each shareholder was rounded to whole dollars. The sum of the decimal points rounded were included in other revenues of the Company. Upon approval by the shareholders' meeting, the Board of Directors will be authorized to set the ex-right and ex-dividend date, payment date, and other related matters.

3. If there is a significant change in the dividend policy, it shall be stated: None.

(VII) The effects of the stock dividends proposed by the shareholders' meeting on the Company's business performances and earnings per share:

In accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company is not required to disclose the financial forecasts for 2024. Therefore, the relevant information on the impact of changes in operating performance, earnings per share and return on shareholders' investment is not applicable.

(VIII) Remuneration of employees and directors and supervisors:

1. Percentage or range of remuneration for employees and directors as set out in the Articles of Association:

If the Company has gained profits within a fiscal year, 1% or more of the profits shall be reserved as the employees' compensation, which shall be distributed by a resolution adopted by the board meeting in the form of shares or in cash. The Company shall allocate not more than 3% of the proceeding profits as the remuneration of directors by a resolution adopted by the board meeting. Reports on employee compensation and director and supervisor compensation distribution proposals should be presented at the shareholders' meeting.

However, if the Company has accumulated losses, the Company shall set aside a part of the profit first to make up for the losses, and then allocate the remuneration of employees, directors, and supervisors according to the proportion referred to in the preceding paragraph.

2. The basis for estimating the compensation of employees, directors, and supervisors and calculating the number of shares for employee compensation distributed by stock, and the accounting treatment in the event that the actual distribution differs from the estimated amount:

(1) The compensation of employees, directors, and supervisors is estimated at 1% of the Company's pre-tax profit in the current year before deducting the amount distributed to employees, directors, and supervisors.

(2) If there is any difference between the actual distribution amount resolved by the shareholders' meeting and the estimated amount, it is recorded as profit or loss in the following year according to the change of accounting estimate.

3. Remuneration proposals passed by the Board of Directors:

- (1) The amount of employee compensation and director and supervisor compensation distributed in cash or stock should be disclosed. If the amount is different than the estimated annual expense amounts, the discrepancy amount, reason, and disposal status shall be disclosed.

On March 15, 2024, the Company's Board of Directors resolved to approve a proposed remuneration of NT\$19,263,085 to employees and NT\$19,263,085 to directors, which is the same amount as the expenses recorded in 2023.

- (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income in the parent company only or individual financial statements for the current period and total employee remuneration: N/A.

4. Actual distribution of remuneration to employees, directors, and supervisors for the previous year:

On March 24, 2023, the Company's Board of Directors resolved to approve the profit distribution plan for 2022 and distributed the proposed remuneration of NT\$11,357,287 to employees and NT\$11,357,287 to directors, which is the same amount as the expenses recorded in 2022. The distributions were made on December 27, 2023, and August 14, 2023, respectively.

(IX) Status of company share buy back:

April 30, 2024

Term of buyback	1st
Purpose of buyback	Shares transferred to employees
Scheduled buyback period	2022/10/27~2022/12/24
Type of shares repurchased	Common shares
Range of price	NT\$45~70
Scheduled number of shares repurchased	3,000,000 shares
Actual number of shares repurchased	1,139,000 shares
Actual amount of shares repurchased	NT\$71,603,884
Average buyback price per share	NT\$62.87
Percentage of repurchased quantity to scheduled repurchase quantity (%)	37.97%
Number of shares eliminated and transferred	0
Cumulative number of shares	1,139,000 shares
Ratio of cumulative number of shares held to total number of shares issued (%)	0.77%
Reasons for not completing the repurchase upon expiration of the buyback period	Based on the protection of shareholders' rights and the consideration of the market mechanism, the Company adopts the strategy of repurchase in batches depending on changes in the stock price and conditions of trading volume. The efficiency of capital utilization is also considered, therefore it has not been fully implemented.

II. Insurance of corporate bonds: N/A.

III. Insurance of preferred shares: N/A.

IV. Overseas depositary receipts: N/A.

V. Insurance of employee stock options:

(I) The Annual Report shall disclose unexpired employee subscription warrants issued by the Company in existence as of the publication date of the Annual Report, and shall explain the effect of such warrants upon shareholders' equity: N/A.

(II) The Annual Report shall disclose the names of the ten employees holding employee subscription warrants authorizing purchase of the most shares, along with the cumulative number of warrants exercised by these ten employees, as of the publication date of the Annual Report: N/A.

(III) Restricted stock for employees: N/A.

VI. New share issuance in connection with mergers and acquisitions: N/A.

VII. Implementation of capital utilization plan: N/A.

Chapter 5 Operation overview

I. Business content

(I) Scope of business

1. Main content of the Company's business:

(1) Real estate consignment and brokerage.

The Company and some of its subsidiaries are mainly engaged in real estate consignment and brokerage, and other related business. Their services include product planning and advice, product integrated marketing and transaction transfer, with pre-sale housing, newly completed housing, residual housing, general offices, land and parking spaces as the main products. Initially, our sales focus was primarily on cases in northern Taiwan. However, in recent years, we have expanded our business services to southern Taiwan, thereby enhancing the coverage and professionalism of our services.

(2) Real estate development business:

In recent years, the Company has branched out into the real estate development business. The subsidiaries of the Company have commissioned builders to build new projects such as communities and residential buildings. The main products are used for housing, offices and stores.

As of the end of 2023, the consolidated operating income of the Company and its subsidiaries was mainly from the sales by proxy, so the operation overview is described based on the current situation of real estate consignment.

2. The proportion of business is as follows:

Unit: NT\$ thousand

Products	2022		2023	
	Amount	%	Amount	%
Revenue from sales by proxy	5,040,342	98.98%	5,280,087	68.09%
Revenue from sales of buildings and land	51,935	1.02%	2,474,497	31.91%
Total	5,092,277	100%	7,754,584	100%

3. Current products (services) :

The Company is mainly engaged in real estate development, brokerage and sales by proxy. The Company has commissioned builders to build new projects such as communities and residential buildings. The main products are used for housing, offices and stores. It mainly focuses on domestic sales.

4. Planned new products (services)

(1) Most projects undertaken by the Company can well satisfy the needs of consumers, who have high requirements for price, location, housing quality and sales team. We aim to leverage our accumulated expertise and reputation in property sales over the long term to expand our customer base across different regions. Our goal is to provide more diverse and high-quality services.

- (2) Our company's land developments in Tainan are progressing steadily. Due to the highly advantageous locations of these lands, we anticipate significant development profits upon successful sales. Additionally, the development project for the former Taipei City Council site has been completed as scheduled, with successful leasing arrangements expected to generate steady rental income from commercial offices. In December 2023, the handover of units in the Dali Genesis project in Taichung, in which our company has invested, commenced. This will contribute to our revenue incrementally each year, with further contributions expected from projects such as Sky Forest and The Art Garden in 2024.
- (3) The domestic real estate brokerage service industry is focusing on enhancing connectivity between key areas. In recent years, it employs Internet marketing channels to provide consumers with perfect services, and offer real-time information on real estate.

(II) Industry overview

1. Current status and development of the industry

According to data from the Taiwan Real Estate Almanac, the rise of the real estate brokerage industry in Taiwan is closely related to the development of the pre-sale housing system. The establishment of the Taipei Housing Service Center Co., Ltd. in 1971 marked an important milestone in the development of the brokerage industry. In 1972, the Taipei Housing Service Center launched its first planned project, the Yi Jia Building (宜家大廈), introducing a new housing sales model with a planning concept. This clearly defined the operational model of real estate brokerage companies and promoted the formation and development of the brokerage industry. Until now, the development of the domestic real estate brokerage industry has primarily followed fluctuations in the real estate market.

Reviewing the changes in the real estate market in recent years in our country, after more than a decade of bullish trends, consumer attitudes towards home purchases became more conservative in 2014. This shift was influenced by various control measures implemented by the authorities to curb speculation in the housing market, as well as the proposal of the property and land consolidation tax by the Ministry of Finance to suppress speculative investment.

Affected by factors such as overall economic weakness, government housing policies, and speculation surrounding election issues, the real estate market in our country experienced a downturn from the second half of 2014 to 2017. During this period, there was a decline in project launches, transaction volumes, and housing prices year after year. It wasn't until the second half of 2017 that signs of recovery began to emerge, and in 2018, there were indications of a bullish market. In 2019, the upward trend in the economy became more pronounced.

Unexpectedly, in the first half of 2020, the COVID-19 pandemic broke out on a large scale and spread rapidly. Many countries around the world implemented measures such as lockdowns and border closures to prevent the spread of the virus, disrupting the normal operation of production and service supply chains and severely impacting economic development. In response, various countries have proposed relief and stimulus packages, with the Federal Reserve of the United States leading global central banks into a new round of interest rate cuts.

In the low-interest-rate environment, in the second half of 2020, a large amount of hot money flowed into our country's real estate market, causing the market demand to rapidly escalate. Property developers also became more proactive in launching new projects. According to statistics from a housing magazine, the total value of new and pre-sale housing projects in northern Taiwan exceeded 1.2 trillion NT dollars for the whole year.

The overly active property market drew high attention from the central government. In 2020, in addition to the central bank implementing selective credit controls to prevent excessive bank funding from flowing into real estate loans, the Ministry of the Interior also initiated joint inspections of pre-sale housing projects to prevent violations of contracts and reservation agreements.

In July 2021, the government introduced measures such as Actual Price Registration 2.0 and Property and Land Consolidated Tax 2.0, aiming to curb speculation in the housing market. However, unexpectedly, amidst high buyer willingness to chase prices, Actual Price Registration 2.0 had an unintended effect of boosting prices. This led to housing prices in 2021 swiftly transitioning from the 'initial rise phase' to the 'main rise phase,' with both volume and prices escalating, surpassing previous increases.

With the continued rise in housing prices, in December 2021, the Ministry of the Interior passed a draft amendment to the Equalization of Land Rights Act, proposing measures such as prohibiting the resale of pre-sale and newly-built houses through contract assignments, establishing a permit system for corporate entities purchasing residential properties, and imposing penalties of up to three years imprisonment or a maximum fine of fifty million NT dollars for real estate speculation. However, before submitting this proposal to the Legislative Yuan, it was modified to address concerns about potential violations of constitutional rights, such as limiting people's disposal of property and contractual freedom. Specifically, exceptions to the restriction on contract assignment were added, and the criminal punishment for real estate speculation was changed to administrative penalties. Additionally, measures were proposed to exempt residential properties obtained through urban renewal or reconstruction of dangerous or old buildings from requiring permits from the Ministry of the Interior. In early 2023, the Legislative Yuan passed the amendment to the Equalization of Land Rights Act after its third reading.

During the process of amending the Equalization of Land Rights Act in 2022, the domestic housing market was affected by various factors including the Federal Reserve's initiation of hawkish interest rate hikes leading to a technical economic downturn, the escalation of commodity prices due to the conflict between Russia and Ukraine, and the tension in cross-strait relations caused by Chinese military exercises around Taiwan. As a result, consumers began to adopt a wait-and-see attitude, leading to a slowdown in market demand.

On the eve of the local elections, the market demand for new construction projects plummeted to near-record lows in recent years. However, one of the reasons for the subdued market demand at that time was that, in response to consumers adopting a wait-and-see attitude, developers postponed the launch of new projects until after the elections. Therefore, at the end of November, after the results of the local elections were announced, there was a surge of new project launches in the northern Taiwan housing market, leading to a total value of new projects reaching 1.3 trillion yuan in 2022, the second-highest in history, surpassed only by the 1.4 trillion yuan recorded in 2013.

Despite the entry of numerous new projects, the recovery of market demand in the housing market remained limited. This was due to various factors including the slowing global economic growth in early 2023, underperformance in our country's export orders, and the impact of factors such as the amendment to the Equalization of Land Rights Act passing the third reading in the Legislative Yuan. As a result, the housing market quieted down.

It wasn't until the official confirmation that the restrictions on contract assignments for pre-sale and newly-built houses would not apply retroactively that signs of market recovery began to emerge in the early second quarter of 2023 for new construction projects. By the end of June of the same year, there was a surge in market demand, primarily because buyers rushed to purchase pre-sale houses and luxury properties before the subsidiary regulations of the Equalization of Land Rights Act came into effect in July.

This wave of buying frenzy effectively absorbed the online supply, and with some developers adopting a 'reduced volume to maintain prices' strategy and delaying project launches, there was a slight decrease in the foot traffic at reception centers in the early stages of the implementation of the new regulations under the 'Equalization of Land Rights Act.' However, overall, the actual impact of the new regulations on the market was lower than expected.

In mid-July, news of the 'New Youth Comfortable Home Mortgage' program was released, leading to a gradual recovery in foot traffic at project reception centers. In August, the preferential mortgage schemes were officially implemented, boosting confidence in the new construction market. This prompted cautious buyers to return to the market, driving stable growth in sales of lower-priced properties. The market was predominantly driven by buyers looking for homes for self-occupation or long-term investment.

The fourth-quarter effect of the 'New Youth Comfortable Home Mortgage' program continued, with policy headwinds gradually dissipating. The impact of the presidential election on the market was not pronounced, as market demand steadily warmed up. Additionally, given that construction costs remained high, there was no imperative for developers to engage in price competition. However, for large-scale projects, it was necessary to avoid planning units with sizes that pushed prices above the luxury property threshold set by the central bank. Overall, the housing market in 2023 demonstrated a trend of 'shrinking volume, stable prices, and gradual increase.' Performance in terms of both price and volume in lower-priced areas generally slightly outperformed higher-priced areas.

As we enter 2024, the development of our country's housing market continues to be influenced by various factors. Economically, international major institutions anticipate a global commodity trade recovery, which would help stabilize Taiwan's foreign trade performance, while private consumption remains steady. The Taiwan Institute of Economic Research has pointed out that Taiwan's economic growth in 2024 will mainly rely on consumption and investment support, with external demand showing signs of improvement. It is projected that the economic growth rate for the whole year of 2024 will exceed that of 2023.

In terms of policies, the recent results of the presidential election revealed a victory for Lai Ching-te, nominated by the Democratic Progressive Party (DPP). This indicates that current housing policies such as the 'New Youth Comfortable Home Mortgage,' rental property management, and Property Hoarding Tax 2.0 are likely to continue. Additionally, compared to the pre-election period when various government departments introduced housing market control measures one after another, the post-election government has released positive news such as national large-scale construction projects. This has brought new themes to specific areas, attracting attention from property investors.

Other measures such as the virtual land reform, the improvement of the pre-sale housing trust guarantee mechanism, and the youth home purchase provident fund, which have been mentioned by officials but details are still being formulated, also have the potential to see further developments and announcements in 2024.

As for the carbon tax scheduled to be implemented in 2025, since the initial targets for taxation include providers of raw materials to the construction industry such as petrochemical, steel, and cement manufacturers, there is a high probability that the cost of carbon taxation will be reflected in product prices. This would require construction industry stakeholders to cope with the continued rise in construction costs. However, the government has yet to officially announce the carbon tax rate, leading to various speculations about the extent of cost increases in recent discussions.

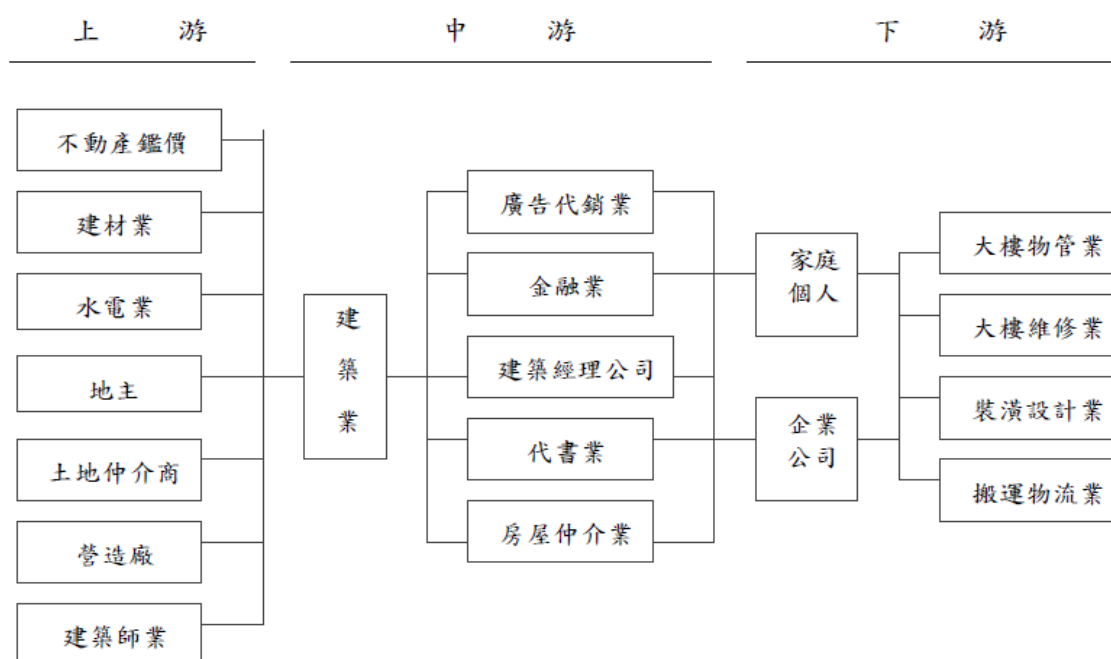
In addition, the government is actively promoting green banking. The presence of green building certification and building energy efficiency labeling for the building products, as well as the implementation of ESG by the companies, will all impact the construction companies' ability to secure funding from banks. Moreover, as carbon fees are collected in stages and larger emitters are targeted first, high-carbon construction companies will inevitably be subject to carbon fees in the future.

Under the influence of these factors, the abundant supply in the new housing market will drive an increase in transaction volume. Moreover, as construction costs continue to rise, the possibility of a high-end reversal in domestic housing prices is reduced. However, in the era of greenflation, the real total wage growth of the Taiwanese people is negative. In the short term, improving the affordability of housing prices is challenging. Therefore, real estate agents face a major challenge in planning and developing affordable products for target consumers and accelerating the sales speed of new housing projects.

Large real estate agencies have witnessed a constant expansion and growth in recent years due to their diversified marketing channels and abundant resources. They have expanded their operations in construction and other fields, forming a more comprehensive system of investment, construction, marketing and services in the real estate market, providing consumers with services throughout the entire life cycle. Additionally, because proxy sales companies handle numerous projects distributed across various locations, they can leverage their extensive database as an advantage, utilizing AI technology for analysis to adjust strategies in response to market changes in real-time, enabling precise marketing.

2. The relationship between the upstream, mid-stream and downstream of the industry

The Company is engaged in real estate consignment, which is in the midstream of the real estate construction and development industry, and is associated with many real estate related industries, including construction, engineering, architectural design, building materials, plumbing and electrical installations, information and financial communications, appraisal and agency services, and interior decoration. The interconnectedness of the upstream, mid-stream, and downstream sectors of this industry, as well as the relationships within real estate construction and development, are illustrated in the following diagram:



上游	Upstream industry	金融業	Financial industry
中游	Midstream industry	建築經理公司	Real estate management company
下游	Downstream industry	代書業	Agency industry
不動產鑑價	Real estate appraisal	房屋仲介業	Housing brokerage industry
建材業	Building materials industry	家庭	.Family
水電業	Water and power industry	個人	Individuals
地主	Landowners	企業	Companies
土地仲介商	Land brokers	公司	.Company
營造廠	Construction firm	大樓物業管理	Building property management industry
建築師業	Architects	大樓維修業	Building maintenance industry
廣告代銷業	Advertising agency	裝潢設計業	Decoration design industry
建築業	Construction industry	搬運物流業	Transportation and logistics industry

Land and building materials are the main raw materials in the upstream of the real estate construction and development industry. Apart from the release of land supply through private sale or joint construction, state-owned non-public land is disposed of through tender sale, and land in old areas is also redeveloped through new urban projects; As for building materials, some materials such as sand, stone and steel may cause an imbalance between supply and demand due to limited resources or insufficient production. Although it is not impossible for other building materials to replace them owing to technological progress, the overall industry still relies heavily on traditional building materials.

The midstream is dominated by the construction industry, the advertising agency industry and the housing agency industry, which are responsible for marketing and sales. Most of the newly built projects developed by construction companies are sold by real estate agencies, while the old houses and the unsold houses built by construction companies are sold by intermediary companies. Additionally, agency industry, construction management companies and financial institutions assist in sales; Downstream sales targets are individuals or corporate companies who need to buy houses.

Generally speaking, construction companies launch plans to build real estate products, which are planned and packaged by sales agencies and then sold to consumers. In the entire system, sales agencies act as a bridge of communication and coordination between construction companies and consumers in the real estate industry.

To avoid risks, reduce transaction costs, and obtain high profits, construction companies have to further understand the needs of consumers through sales agencies that fully grasp market information, and design real estate products that cater to customers' preferences. Our company, operating in the mid-stream of the real estate construction and development industry, specifically in advertising proxy sales, plays a crucial intermediary role in coordinating these efforts.

3. Industry development trend and competition situation

(1) Industry development trend

With the easing of the pandemic, changes in Sino-US relations, and a low-interest-rate environment, a significant amount of capital has flowed into our country's real estate market, leading to abundant funds. Consequently, the market has quickly heated up, and in 2021, both prices and transaction volumes in the housing market rose simultaneously.

The active trading in the housing market has prompted various government departments to intervene in order to curb speculation. However, despite these efforts, the market continues to move in a bullish direction, and the initial measures to suppress housing prices and transaction volume have proven ineffective. It was not until March 2022, when Taiwan's central bank followed the Federal Reserve in raising interest rates, that hot money gradually withdrew from the market. However, by this time, housing prices had already reached a high level. Factors such as the COVID-19 pandemic, the Russia-Ukraine war, Taiwanese businesses returning to establish factories, and semiconductor companies expanding their investments have driven up domestic demand for construction materials and labor, resulting in an increase in construction costs. As a result, housing prices have firmly established themselves at a high level.

By the end of 2022 and the beginning of 2023, concerns about the economic downturn and mortgage interest rates approaching the 2% mark, along with the passage of the amendment to the Equalization of Land Rights Act, have widened the divergent perceptions of prices between buyers and sellers. Buyers have extended their observation period, resulting in a relatively low market transaction volume. It was only after the official confirmation that the pre-sale housing contracts would not be retroactively affected that the market for new construction projects experienced a small rebound in demand. Subsequently, investors and property buyers rushed to take advantage of the last opportunity to enter into contracts, leading to a significant increase in pre-sale housing transactions in June.

In addition, the amendment process of the subsidiary law of the Equalization of Land Rights Act has been lengthy, providing businesses with sufficient time to respond. As a result, the impact on the new housing market after the official implementation of the subsidiary law in July was much lower than anticipated by the industry. The redeveloped areas, characterized by strong industrial development themes and well-established transportation infrastructure, not only garnered support from homebuyers and property investors due to their regional development prospects, but also exhibited exceptional market performance.

In order to attract first-time homebuyers with limited budgets and investors seeking to diversify their risks, the market continues to see a strong demand for small housing products with low down payment schemes. Furthermore, due to the impact of high housing prices, there is a trend of reducing floor area without reducing the number of rooms. The 2-bedroom layout remains the most popular choice in the market. When it comes to medium to large-sized properties, projects launched by reputable developers are more likely to be preferred by high net worth families and individuals looking to upgrade their homes.

(2) Competitive situation

According to statistics from My Housing Magazine, the top ten residential development projects in northern Taiwan in 2023 are Hi-Yes, Newland, JSL Group, Sinyi, Top Scene Advertising, nHc, Neo-Vision, More Worth Advertising, Han Hua, and Yuan Group. These projects have a total contract value of 512.66 billion NT dollars, which is a decrease of approximately 13.9% compared to 2022. Among them, More Worth Advertising and Han Hua are newly listed as sales representatives in 2023. However, Creator Marketing and Pauian Archiland did not make it to the top ten sales representatives in northern Taiwan due to their conservative approach to taking on projects.

Based on the analysis of project volume, the agency industry is characterized by Hi-Yes International, Newland, and JSL Group as the top three competitors. In 2023, the project volumes in northern Taiwan are 109.25 billion NT dollars, 103 billion NT dollars, and 99.3 billion NT dollars, respectively, totaling 311.55 billion NT dollars. This total is higher than the combined project volume of the companies ranked fourth to tenth, which amounts to 201.11 billion NT dollars.

In the northern region of Taiwan, the top ten residential property developers for the 2023 housing projects (excluding commercial and industrial projects) are PJ Asset Management, ProMos Technology, JSL Construction & Development, Shanyuan Group, Shin Ruenn Development, Pujen Land Development, Chungyuet Group, Fu Yu Construction, ForWORLD, and SunLand Development. The total value of residential projects by these top ten developers is approximately 320.95 billion NT dollars, representing a 10% decrease compared to 2022.

(III) Overview of Technology and R&D

The Company is an outstanding agency, which plays the dual roles of investment and construction and agency, so it can deeply understand the standpoint of owners. The Company does not sacrifice the interests of owners only for the sake of sales. Instead, it has taken flexible and reasonable measures for sales, and discusses with owners about their needs to pursue the best interests of owners, companies and consumers.

As mentioned above, the Company has been operating online marketing channels for many years, with good reputation. In recent years, the Company has combined new marketing channels and methods to provide better services to building owners and customers, and to offer them with more real-time information on real estate market.

(IV) Long- and short-term business development plans

1. Short-term business development plan

(1) Expansion of service areas to enhance integrity

Increase the scale of the project and expand the scope of operation to the major cities in Taiwan to increase the Company's profits, accumulate the Company's operation strength and popularity in various places, and provide multi-oriented agency services.

(2) Effective cost control enhances profitability

Carefully review the market reaction, the execution of marketing-related expenses, and the financial situation by implementing the plan on a case-by-case basis, and control the costs, so as to reduce unnecessary production and enhance the profitability of the Company.

(3) Professional ability training provides perfect services

Through regular and perfect education and training, the Company improves the professionalism of the sales staff and helps new recruits develop good abilities, so as to provide more perfect sales services, enhance the Company's profitability and reputation, and improve consumer satisfaction.

(4) Effective use of innovative marketing channels creates marketing value

Innovative marketing has diversified channels and low entry costs. The existing marketing channels create new value for individual marketing, and provide better information exchange services to enhance the Company's profitability and visibility, as well as the customer's good impression of the Company. In recent years, combining novel marketing channels and techniques has provided construction industry stakeholders and customers with more comprehensive services, offering them more immediate real estate market information.

2. Long-term business development plan

(1) Establish mutual trust and cooperation mechanism with excellent construction companies

The Company cooperates with excellent construction companies and undertakes housing sales in the mode of underwriting. The scope of business includes the planning of main floor size of the construction projects, the design of the exterior, the decision of the interior partition, the planning of public facilities, the contracting of the reception center, the construction of sample houses, the implementation of advertising models, the decision of advertising media, the preparation of on-site sales props, and the advertising of public image, to enhance and consolidate the long-term profitability of both parties and to establish mutual trust.

(2) Step into the field of real estate development

The Company has shifted from the role of a service intermediary to the real estate developer. With years of practical experience in providing products and services that meet the needs of the market and consumers, the Company takes into account the upstream and downstream of the real estate industry to extend its development niche.

II. Status of Market and Sales

(I) Market analysis

1. The regions where the main products (services) are sold (provided)

The Company is principally engaged in the real estate sales by proxy in Taiwan.

2. Market share, future market supply and demand, and growth

(1) Market share

The Company primarily engages in real estate sales, advertising planning, and land development and construction. The main sources of revenue are real estate sales and advertising planning. The construction projects sold by the Company were originally mainly distributed in Taipei City, New Taipei City, Taoyuan City and Hsinchu City. In recent years, the Company has actively expanded its business to Taichung City, Tainan City and Kaohsiung City. Its main competitors are other domestic real estate agencies.

Compared to other competitors in the industry, most projects undertaken by the Company can well satisfy the needs of consumers, who have high requirements for price, location, housing quality and sales team.

In 2023, the Company has taken a proactive approach to accepting projects, with a total project volume of approximately 219.6 billion NT dollars. Our project portfolio has expanded to cover the entire Taiwan, and we offer a diverse range of products. Our luxury residential offerings include the 'Diamond Towers' in Da'an, Taipei. We also provide housing exchange options such as the 'LiJin Luxury Mansion' in the Eastern District of Hsinchu. For first-time homebuyers, we have the 'Gorgeous Mansion' in Luzhu, Taoyuan.

In addition, our company is actively expanding into the upstream real estate development industry. In 2023, our subsidiary will launch 'Smile Hi-Yes 2' in Yingge, New Taipei City. The product positioning is precise, with a total of 83 units and a total sales of approximately 1.2 billion NT dollars. All contracts were signed within 6 months of entering the market, indicating the growing success of our venture into the construction business. Our presence in the industry continues to expand and strengthen.

(2) Future market supply and demand, and growth

After the announcement of the presidential election results, there has been an increase in demand for emerging applications such as AI, which has driven export growth. Furthermore, the Youth's Housing Subsidy Program 2.0 program has had a significant impact, leading to high expectations for the real estate market in 2024. However, the construction industry is still grappling with labor shortages and the implementation of the carbon fee system, both of which will affect construction costs. The confirmed implementation of the Housing Hoarding Tax 2.0 this year will also have an impact on developers' project planning. Some previously planned projects, originally intended for construction before sale, may be released to the market earlier, potentially increasing the number of projects available. The following analysis provides an overview of the future supply and demand situation and growth prospects of the housing market.

A. Highlights of projects launched

Due to factors such as increasing housing prices, the diminishing effectiveness of measures to control speculation, and the implementation of the second version of the property hoarding tax, construction projects that were previously delayed are expected to be released for sale one after another. It is estimated that the number of new projects launched in the first half of 2024 will be slightly higher than in the second half of 2023. After conducting an inventory of the new residential projects scheduled for public sale in 2024, the following developments have been identified in Taipei City: 'Ambassador' in Zhongshan, 'Serenity of Nature' in Shilin, Run Long Construction project on Wanfang Road in Wenshan District, and Echo Park phase 2 in Wenshan. In New Taipei City, there are 'The Riverside Mansion' in Banqiao, 'Meta Park' in Zhonghe, Crowell Development project on Yuying Street in Yingge, Cathay Real Estate Development in Mitsui Sanchong Section in Sanchong, Cathay Real Estate Development Xu in Xinzhuang, 'The Skyline Mansion' and 'Sky Honors' in Linkou.

Compared to 2023, there is a slight increase in the number of proposed projects in the outer suburbs of Taipei City. Meanwhile, New Taipei City remains focused on redeveloping areas with industrial development themes. This includes the Sanchong and Erchong Floodway Redevelopment Area, which is home to the second administrative center of New Taipei City, and Linkou, located adjacent to the New Taipei International AI+ Smart Park.

As for Taoyuan, which will experience a decrease in the number of housing projects in 2023, there will be a surge of new projects after the Lunar New Year in 2024. These new projects include the Zhongli 'Elite's Best Select', the Yangmei 'Sunny Life', the La Vie Shanbi 2nd road project in Luzhu, the Guishan 'Green In', 'Run Long Windsor Castle', and 'Fu Yu Enrich Your Life', as well as the Taoyuan 'Born to be Winner' and 'NFC Global Economic and Trade Center'.

Taichung also focuses on promoting new development areas. In the 14th phase, projects like the Continental Development Corporation's project, and the Huaku Development's project in Meihe section will be launched for sale. FengyiLife is expected to release six projects, with a total value of about 20 billion NT dollars. Well-known developers such as the Twin Oaks and Jinray will introduce new projects in unit 2. In the emerging hot zone of the 13th phase, there will be new projects in the first quarter, such as '13 Hills' and 'Above Expectations'.

Many new projects in Tainan are centered around the Southern Science Park, attracting buyers for both self-occupation and investment. Some of these projects include the 'We Are Always Here' in the LM Special Zone, the 'Dali for the World' with a focus on the high-speed rail, and the Sakura Development's project in the Pingdao section. Similarly, in Kaohsiung, which also benefits from the industrial dividend, there are new projects waiting to be announced in the Nanzi Gao Da Special Zone and the Asia New Bay Area.

In areas outside the six major cities, Hsinchu, known for its high-end housing prices, will witness the introduction of large-scale landmark projects for sale. For instance, Chang Yih Business Group - Chiuan-shiuan Construction Development will be launching the 'Starship' in the eastern district, and JSL Construction & Development will be releasing the 'Hongdao Hsinchu Imperial Treasure 9th District'.

Second-tier cities with industrial development and relatively low housing prices, such as Chiayi, Changhua, and Yunlin, are also attracting developers. Yunlin and Changhua have attracted the attention of well-known developers Shining Building Business Co. and Chong Hong Construction, who have planned projects in these cities.

Unlike in 2023, when developers focused on promoting projects in urban core areas, in 2024 the hotspots for project promotion have shifted back to newly developed areas, particularly the redevelopment zones in second-tier cities that have potential for industrial development.

B. Rising Public Infrastructure Budget

According to data from the National Development Commission, the budget for public construction in 2024 has been set at NT\$588.6 billion, representing a 0.3% increase compared to 2023 and reaching a new high. The annual policy plan of the Executive Yuan includes 204 policy goals and 1,109 important projects, such as the development plans for Tamsui and Kaohsiung new towns, the business plan for the development of the A7 station area of the Airport MRT, and the construction plan for the Southern Science Park.

The development of major public infrastructure projects can have a positive impact on the regional real estate market. In recent years, the construction of industrial and transportation infrastructure, such as high-speed rail parks and technology parks, has been particularly beneficial. These projects have attracted investors and homebuyers to the area, contributing to the growth of the regional real estate market.

The ongoing rail construction projects include the Yilan High-Speed Rail, Pingtung High-Speed Rail, Wutai Light Rail, and Keelung Metro. In the Taoyuan and central-southern metropolitan areas, the topics of discussion revolve around metro construction, specifically the Taoyuan Metro Green Line, Tainan Metro Blue Line, and Kaohsiung Metro Yellow Line.

The construction of the Central and Southern Science Parks is garnering increased attention for its contribution to economic development. The project encompasses areas such as Houli in Taichung, Erlin in Changhua, Huwei in Yunlin, as well as the Chiayi and Pingtung High-Speed Rail Special Zones.

C. The New Young Adult Housing Loan Program Continues

The 'Youth Secure Home Purchase Loan Enhancement Program' (New Youth Program), launched by the Ministry of Finance in 2023, will be implemented from August 1, 2023, to July 31, 2026, for a total duration of 3 years. The program offers a maximum loan amount of 10 million NT dollars, with a maximum loan term of 40 years and a grace period of up to 5 years. In terms of interest, the original state-owned banks will reduce the interest rate by 0.5 basis points for continued processing, and the Ministry of the Interior's Housing Fund will provide an additional subsidy of 1 basis point for interest, allowing borrowers to enjoy a total discount of 1.5 basis points.

The New Youth Program has boosted the interest of first-time homebuyers in purchasing homes. According to statistics from the Ministry of Finance, as of the end of December 2023, the program has provided loans to more than 25,000 households, totaling approximately 185 billion NT dollars.

3. Advantages and disadvantages of competitive niche and development prospect, and countermeasures

(1) Competitive niche

A. Excellent planning ability

The Company is engaged in the real estate agency business, based on integrity, providing comprehensive professional services and advice to owners and related industries. We strive to deliver high-quality residential products to consumers. The key to success in each case lies in accurate product positioning and planning, in which our company excels and surpasses our competitors. We are fully involved in every aspect, including product positioning, spatial functionality, public spaces, and architectural facades. We collaborate closely with owners and architects to create impressive products that result in high customer satisfaction and increased sales rates. This not only establishes the brand and corporate image for the owners but also maximizes their profits.

B. Superior executive team

Effective product positioning requires a well-thought-out marketing plan to win market approval and consumer recognition. The Company's implementation of projects is led by the committee chair and assisted by several project managers. From the design style of the reception hall, the space layout, the presentation of the engineering hall, the advertising appeal, the mastery of the marketing channel and the integration of the on-site sales front, they require perfection in every detail, presenting the most perfect sales process and the most satisfactory services to customers, and successfully creating the best image for owners and projects.

C. Cost advantages of economies of scale

The Company is the largest real estate agency in Taiwan, with integrated organization and management, and short-term and long-term cooperation with property companies and marketing channels. Additionally, it has a strong bargaining power in the procurement of services, channels and equipment, and has a cost advantage in operation.

(2) Favorable and unfavorable factors of the future development, and countermeasures

A. Favorable factors

(A) Urban renewal and unsafe and old buildings

Benefiting from the government's vigorous promotion of urban renewal and revitalization policies for aging properties, in recent years, not only have real estate developers actively engaged in integrating the reconstruction of old houses, but also traditional industries have initiated asset revitalization plans. This has led to the continuous emergence of urban renewal and aging property reconstruction projects in prime locations within our country's metropolitan areas, characterized by excellent locations, complete sites, and enhanced functionality.

Due to the soaring construction costs, currently, many of the successfully implemented reconstruction projects for old houses are situated in prime locations. These buildings have high inherent value and significant potential for appreciation. The total sales amounts are substantial, and only medium to large-scale proxy sales companies with sufficient capabilities can undertake them. The release of urban renewal projects for old house reconstruction is advantageous for the development of large proxy sales companies.

(B) Implementation of Property Hoarding Tax 2.0

"The draft amendment to the House Tax Act" was passed by the Legislative Yuan at the end of 2023 after the third reading. The tax rate for non-residential properties was increased from 1.5% to 3.6%, and the nationwide household registration system was adopted. The new tax rates of 2% to 4.8% will be implemented in July 2024 and will apply to tax filing in 2025.

Developers are also required to pay taxes on their unsold properties. According to the Ministry of Finance's preliminary plan, the tax rates for unsold properties are as follows: 2% for properties unsold within one year, 2.8% for properties unsold within two years, 3.6% for properties unsold within four years, 4.2% for properties unsold within five years, and a maximum tax rate of 4.8% for properties unsold for more than five years. However, the actual tax rates will be determined by local governments.

The system's plan to sell over a longer period and impose heavier taxation has a significant impact on developers who are accustomed to the practice of building before selling, have luxury housing projects, and maintain a large inventory of unsold houses.

Considering the diminishing impact of the amendment to the Equalization of Land Rights Act and the emergence of positive factors related to construction after the presidential election, there has been an increase in buying sentiment in the pre-sale housing market. Developers who previously opted to build before selling due to anti-speculation measures will inevitably need to adjust their project strategies in response to the implementation of the 2.0 property hoarding tax. This adjustment may involve entering the market with pre-sale projects and extending the construction period to avoid facing high property hoarding taxes upon completion. If the market undergoes such a transformation, it will be advantageous for sales agents to take on these projects in the short term.

B. Adverse factors and countermeasures

(A) Implementation of the Amendments to The Equalization of Land Rights Act

The amendment to the Equalization of Land Rights Act has been in effect for over six months. The restrictions on pre-sale housing contracts and the regulations on private individuals purchasing houses have had a minimal impact on the demand in the pre-sale housing and luxury housing markets. However, the severe penalties for speculative activities and the whistle-blower reward system will restrict the flexibility of sales packaging and strategic operations. Engaging in sales activities before completion will be considered a violation for pre-sale projects. If a project falsely claims to be "a 5-minute walk to the MRT station" and is determined by the authorities to be false advertising, it will be subject to fines.

Due to the substantial fines of up to one million NT dollars and the official announcement of these penalties, any project that incurs them may damage the reputation of both the project developer and the sales agents, while also impeding the operations of the sales agents.

Countermeasures:

The government's main purpose in this move is to "combat unfair speculation driving up housing prices" and to crack down on coordinated speculation that causes housing prices to soar. The so-called "housing crackdown" aims to "crack down on speculation in housing," not to target the original home buyers. Since the Company's product strategy for commissioned sales of construction projects focuses on first-time buyers, home exchanges, and long-term property ownership, after the passage of the amendment to the Equalization of Land Rights Act, the presale market has clearly shifted towards rigid demand. As long as individual cases meet the expectations of rigid demand in terms of total price, they usually achieve stable sales performance. In addition, the New Youth Secure Loan have brought new momentum to the presale market, which is a positive development for our commissioned sales business.

(B) Taiwan's Goal: Achieving Net Zero Emissions by 2050

According to data from the National Development Commission, Taiwan officially announced the Taiwan's Pathway to Net-Zero Emissions in 2050 and Strategy Overview in March 2022. This document outlines a trajectory and action plan for achieving net zero emissions by 2050. It aims to promote technology, research, and innovation in key areas, guide the green transformation of industries, and drive economic growth. The plan is based on four major transformations in energy, industry, lifestyle, and society, as well as two governance foundations: technology research and development, and climate legislation. To facilitate the integration of resources from various departments, twelve key strategies have been formulated to develop action plans. The governing authorities are responsible for creating these action plans and engaging in social communication in line with their respective responsibilities.

In response to this, the government intends to promote the Clean Zero Technology Program, which encompasses five major areas: sustainable and forward-looking energy, low-carbon technology, carbon-negative technology, circular economy, and humanities and social sciences. Among the twelve key strategies, the real estate industry is closely linked to photovoltaics, power systems and energy storage, energy conservation, zero-emission green living, and green finance. This indicates that businesses related to real estate cannot ignore Taiwan's objective of achieving net-zero emissions by 2050.

Real estate industry players must first address two major challenges: green finance and the implementation of carbon tax.

In terms of green finance, real estate-related businesses may face challenges in obtaining funding from banks due to increased focus by financial institutions on corporate ESG implementation and the presence of green building certification and building energy efficiency labeling in construction products.

When it comes to implementing carbon fees, the first group to be affected will be petrochemical, steel, cement, and other building material manufacturers. The impact of carbon fees is likely to be seen in housing prices. As a result, the delayed official announcement of the carbon fee rate in our country makes it difficult to estimate construction costs, which may lead some small and medium-sized developers to take a more cautious approach in promoting projects.

Due to the staged implementation of carbon fees, starting with larger industries, the high-carbon construction industry will eventually be subject to carbon fees. As a result, real estate-related businesses should proactively address key issues such as carbon inventory management and reducing carbon emissions during the construction process.

Countermeasures:

In the face of the highly competitive business environment, the Company has been exploring strategies for achieving sustainable operations. This commitment is evident in our focus on corporate governance, particularly in strengthening the effectiveness of our Board of Directors. In recent years, we have established a dedicated corporate governance department that provides essential information to board members, enabling them to fulfill their duties and comply with laws and regulations. We have also implemented a board performance evaluation method to enhance the quality of our decision-making processes. Furthermore, we promote transparency by disclosing important regulations, our corporate governance practices, and our communication with stakeholders on our official website. To demonstrate our dedication to integrating environmental (E), social (S), and governance (G) considerations into our daily operations, we have established a sustainability committee. In summary, our corporate governance practices are robust and well-maintained.

Secondly, in response to the impact of global warming and climate change, the Company is committed to continuously strengthening our efforts in energy conservation and carbon reduction. We are focused on improving our environmental management operations and minimizing any negative impacts on the environment. In terms of energy conservation and carbon reduction, we have taken several measures. Firstly, we have replaced outdated and energy-consuming air conditioning equipment in our reception center. Additionally, we have set a lower limit for indoor air conditioning temperature. We have also modularized the configuration of the reception center to reduce our carbon footprint. Furthermore, we have implemented energy-saving measures such as turning off lights when they are not in use. By implementing these initiatives, we expect our electricity consumption to decrease year by year. In addition to our commitment to energy conservation and carbon reduction, we are also dedicated to pursuing corporate profitability and growth. We understand the importance of corporate governance in protecting shareholder rights, and we continuously strive to enhance our corporate governance practices. Furthermore, we are actively developing green products to reduce our environmental impacts. We prioritize the physical and mental health and safety of our employees, and we take measures to ensure their well-being. Lastly, we actively participate in public welfare activities, as part of our efforts to achieve sustainable business operations.

(II) Major product manufacturing processes

The Company is mainly engaged in the provision of real estate consignment services, which are entrusted by the construction companies in the form of underwriting and pure planning.

(III) Supply status of main raw materials

As the Company mainly provides real estate consignment services, the main cost is the expenses incurred by the brokers in providing labor services, and the rest is composed of the advertising and planning fees for each brokerage business or the construction cost of the sample house.

(IV) Names of clients who have accounted for more than 10% of the total volume of imports (sales) in any year of the recent two years together with the amount and proportion of imports (sales).

1. Customer who has purchased more than 10% of the total amount of goods

Unit: NT\$ thousand

2022				2023		
Name	Amount (NT\$ thousand)	Total annual net sales ratio (%)	Relationship with the issuer	Amount (NT\$ thousand)	Total annual net sales ratio (%)	Relationship with the issuer
Others	5,092,277	100.00	—	7,754,584	100.00	—
Net sales	5,092,277	100.00	—	7,754,584	100.00	—

The main reasons for the increase and decrease in customers compared with last year are as follows: In 2023, there were no customers accounting for more than 10% of the company's total sales revenue. The company's revenue increased by more than 52.28% compared to the previous year, primarily due to favorable sales performance in 2023.

2. Manufacturer accounting for more than 10% of the total purchase volume: N/A.

(V) Table of production value for the last two years: N/A.

(VI) Table of sales volume for the most recent two fiscal years: The Company is engaged in real estate consignment, and the planning service fees charged by the Company are based on the specific project and service type, so it is impossible to analyze the revenue based on the table of sales volume.

III. Number of employees, average length of service, average age and education background in the most recent two fiscal years and as of the publication date of the Annual Report:

March 31, 2024

Year		2022	2023	As of March 31, 2024
Number of employees	Administrative staff	70	71	73
	Business personnel	122	104	109
	Total	192	175	182
Average age		34.49	34.77	34.37
Average years of services		3.98	4.61	4.58
Degree distribution ratios	Doctorate	—	—	—
	Master	9.90%	10.29%	8.24%
	University/ College	84.38%	88.57%	90.66%
	High school	5.72%	1.14%	1.1%
	Senior High School and below	—	—	—

IV. Environmental protection expenditures

- (I) Losses (including compensation) and penalties suffered as a result of environmental pollution in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report: N/A.
- (II) Future countermeasures and potential expenses:
 - 1. The Company's products do not pollute the environment, so it is not necessary for the Company to apply for the pollution facility installation permit, the pollution discharge permit, pay pollution prevention fees, and set up a special environmental protection unit.
 - 2. The Company expects to have no major equipment to prevent environmental pollution in the future.

V. Labor-management relations

- (I) Employee welfare measures, further education, training and retirement systems and the relevant implementation, as well as labor-management agreements and various employee rights protection measures:

- 1. Employee benefit measures

- (1) Group insurance: In addition to providing the labor health insurance for employees in accordance with the law, the Company insures group insurance (life insurance, accident insurance, hospitalization medical insurance and occupational hazard insurance) for employees.
- (2) Employee travel: To improve the morale of employees and gather the cohesive force of the Company, the company organizes employee tours from time to time.
- (3) Employee health examination: To ensure that the health of employees and implement health management in the workplace, the Company organizes employee health checks from time to time.
- (4) Bonuses for three festivals: To reward employees for their hard work, the Company pays year-end bonuses according to the profit situation at the end of the year, in addition to distributing bonuses for the Mid-Autumn Festival and Dragon Boat Festival.
- (5) Maternity allowance: In the face of Taiwan's low birth rate, to encourage employees to have more children, the Company specially grants maternity allowance to its employees.
- (6) Weddings and funerals: The Company expresses appropriate congratulations and condolences to our employees on their weddings and funerals.
- (7) Birthday coupons: The Company distributes birthday coupons to its employees in the month of their birthdays and hold birthday celebrations from time to time.

- 2. Staff refresher training

The Company regards employees as important assets and attaches great importance to the cultivation of talents. To enhance the professional quality of employees, the Company arranges professional on-the-job training courses for employees according to the needs of various functions, provides subsidies for employee education and training, encourages employees to study by themselves, and invites professional lecturers to deliver speeches at the Company from time to time, thus improving the professional competence of employees.

3. Labor retirement system

According to the Labor Pension Act, which came into effect on July 1, 2015, the Company appropriates not less than 6% of the employee's monthly wage to their individual pension accounts every month.

4. Measures to safeguard the rights and interests of employees

The Company has established a sound system and system, specifying various management methods, clarifying the rights and obligations of employees and benefit items, and regularly reviewing and revising the benefit content to safeguard the rights and interests of employees.

5. Communication channels

In view of the increasingly sophisticated division of labor, to effectively supervise and manage all aspects, the Company has set up an employee contact mailbox to facilitate employees to immediately inform the Company of any problems encountered in their daily work and to provide a smooth communication channel. The Company has always maintained harmonious labor-management relations and held labor-management coordination meetings from time to time. As of the publication date of the Annual Report, there has been no labor-management dispute.

- (II) List any losses suffered as a result of labor-management disputes in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report, and disclose the estimated current and potential future amounts and countermeasures: The Company has suffered no losses as a result of labor-management disputes. Additionally, the Company always has a harmonious labor-management relation , and there are no labor-management disputes at present or in the future. It is estimated that there is no possibility of losses arising from labor-management disputes.

VI. Cyber security management:

(I) Current Implementation of Information Security:

1. Information Security:

Regardless of the era, data preservation remains an extremely important issue. In the past, measures such as filing rooms and safes might have been used to protect data, and protecting data at specific locations could achieve the desired security effect. However, nowadays, much of the information and data are stored in digital format across various mediums. For example, individuals may store data on computer hard drives or USB flash drives, while businesses may store data on file servers or storage devices. Once this data is stolen, damaged, or lost, it represents a significant loss for both individuals and businesses, and becomes a major concern for information security. Therefore, we should approach all forms of data handling with a cautious attitude.

- The key points for data security protection are as follows:
 - Disaster Preparedness: Earthquakes, Floods, Power Shortages, and More
 - Antivirus
 - Theft Prevention

2. Data Encryption and Identity Authentication Authorization

In addition to ensuring data preservation, data security also needs to consider the possibility of data theft. Currently, there are numerous mechanisms and technologies available for encrypting data, rendering it unidentifiable and unreadable to unauthorized individuals. In the event of a data breach, this can enhance data protection and minimize damage. The recent rise of ransomware has presented a significant challenge to data security. The previous approach of solely preventing data theft is no longer sufficient to combat this malicious behavior. It is imperative to adopt new data security strategies and protective technologies to safeguard the data. In today's world, there is no longer a need to physically visit a specific location for business transactions. They can be conducted online, which greatly enhances convenience. However, this also raises concerns regarding authorized identity authentication, data management, and usage. In recent years, numerous international regulations and certifications have been proposed. Government agencies, financial institutions, and corporate websites can refer to or comply with international standards or national regulations to protect user data.

3. Application Security

Software security encompasses application security, which is crucial in various aspects of daily life, such as document processing, message transmission, and business transactions. It is essential to understand how to prevent malicious individuals from exploiting hidden vulnerabilities in application operations to invade personal privacy, property, and even personal safety. Therefore, users must prioritize the source of the application they are using, ensuring that the publishing unit or organization actively reviews the program's security and protects it throughout its lifecycle to mitigate threats and potential harm. This approach reduces the likelihood of cybercriminals discovering and exploiting application vulnerabilities to steal data, intellectual property, and confidential information.

Practical Measures: Vulnerability Scanning of Company Information Files and Website

- (1) "The company encourages employees to switch to Apple computers as part of their employee benefits, which also enhances information security. This is because Mac computers have multiple layers of protection both in hardware and software, making hackers hesitant to target them. In terms of hardware, Apple began integrating the Apple T1 and T2 security chips into Mac computers in 2016, and the current Apple M3 chip includes a built-in security enclave to provide file-level encryption. Regarding software, the macOS operating system features built-in runtime protection using advanced precision technologies. By default, only applications approved by Apple can be launched on macOS. Additionally, if a program needs to access sensitive permissions such as the camera or location during operation, it must request authorization from the user. Furthermore, there's an emphasis on educating employees not to download or run software from unknown sources and to avoid browsing unfamiliar websites.

(2) Anti-Malware

Anti-malware refers to malicious software that has the ability to steal or destroy personal information, including files, photos, and messages. It can also secretly track and monitor users, steal money, or exploit devices for other malicious purposes, such as launching attacks on others. Microsoft Defender, available on Windows, Mac, and Android, is capable of scanning downloaded and installed files and applications, as well as existing files in the system, to identify any potential malicious code that could pose a threat to your device.

(3) Web Protection

Many visible digital attacks are conducted through malicious websites, where attackers attempt to deceive users into disclosing personal information, such as usernames, passwords, credit card details, or other account information, or installing malicious code on their systems. If we detect any harmful links, we will promptly block them and notify you.

(4) New Device Authorization

To install the application on other devices and sign in with the same personal Microsoft account, you can add up to 4 additional devices to your personal Microsoft Defender account. These devices will be shown on the Microsoft Defender dashboard, allowing you to easily monitor the security status of all your devices in one place and protect against unauthorized threats.

- (II) List any losses suffered by the Company in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: N/A.

VII. Important contracts:

Nature of the contracts	Contracting parties	Start and end dates of the contract	Content	Restriction clause
Contract for the joint construction	Haiyan Construction Co., Ltd.	2020.04.22 ~ Completion	Joint construction of Plots No.4, No.4-1 and No.4-2 on Xinhua Section, Xinzhuang District and Plot No. 5-1 in Xinhua Section, Taishan District	N/A
	Yea Shin International Development, Shin Ruenn, Hong Fu Development	2020.05.11 ~ Completion	Jointly invested in the construction of 7 plots of land, including Plot No.72-1 in Nangang Section, Nangang District, Taipei City	N/A
	Hi-Yes Construction Co., Ltd.	2020.09.11 ~ Completion	Joint construction of Plots No. 6 and 7 in Chuangyan Section, Beitun District, Taichung City	N/A
	Haiyan Construction Co., Ltd.	2021.05.13 ~ Completion	Joint construction of Plot No.71 in Xinzhi Section, Xinzhuang District	N/A
	Taiwan Sugar Corporation and Dali Development	2021.08.23 ~ Completion	The bid for the joint construction of Plots No. 137 and 139 in Houbitian Section, Qiaotou District, Kaohsiung City has been awarded	N/A
	Jusheng International, Changyao Construction, and Ying Fong Construction	2021.11.17 ~ Completion	Jointly invested in the construction of 7 plots of land including Plots No. 305 and 311 in Huilaicuo Section, Xitun District, Taichung City (Hi-Yes Construction)	N/A

Nature of the contracts	Contracting parties	Start and end dates of the contract	Content	Restriction clause
	DA-LI Development	2021.12.29 ~ Completion	Jointly invested in the construction of the urban renewal of Plots No.8, 9, 15, 16 and 18 in Pingshi Section, Eastern District, Tainan City (Hi-Yes Construction)	N/A
	Hi-Yes Construction Co., Ltd.	2022.03.31 ~ Completion	Joint construction of Plots No.86-4 and 86-85 in Laicuo Section, North District, Taichung City	N/A
	Hi-Yes Construction Co., Ltd.	2022.03.28 ~ Completion	Joint construction of Plot No.28 of the new high railway section, Wuri District, Taichung City	N/A
	Nan Yue Construction Co., Ltd.	2022.04.13 ~ Completion	Joint construction of ten plots of land, including Plot No.959 in Pingtian Section, Beitun District, Taichung City	N/A
	Hi-Yes Construction Co., Ltd.	2022.09.30 ~ Completion	Joint construction of Plot No.10 in New North Section, Sinshih District, Tainan City (Hai Xin International)	N/A
	Yueda Construction Co., Ltd.	2022.12.01 ~ Completion	Joint construction of Plots No. 207 and 208, Fengming Section, Yingge District, New Taipei City	N/A
	WE & WIN Development Co., LTD, Xihua Construction Co., Ltd.	2023.05.10 ~ Completion	Jointly invested in the construction of 20 plots of land including Plots No.164~249 in Kegong Section, Annan District, Tainan City (Hi-Yes Construction)	N/A
	DA-LI Development	2023.06.05 ~ Completion	Joint investment of Plots No. 137 and 139 in Houbitian Section, Qiaotou District, Kaohsiung City	N/A
Consignment contract	AD1118	2022.12~2023.12	Plan for underwriting	N/A
	AA1010	2022.03~2025.03	Plan for underwriting	N/A
	AA1106	2022.09~2025.09	Plan for underwriting	N/A
	AD1107	2022.07~2023.12	Plan for underwriting	N/A
	AA1005	2022.02~2025.02	Plan for underwriting	N/A
	AD0907	2021.04~2025.04	Plan for underwriting	N/A
	AA1104	2022.10~2025.10	Plan for underwriting	N/A
	AA1112	2022.08~2024.08	Plan for underwriting	N/A
	AA1201	2023.05~2032.05	Plan for underwriting	N/A

Chapter 6 Financial overview

I. Condensed Balance Sheets and Consolidated Income Statements for the Last Fiscal Five Years

(I) Condensed Balance Sheets and Consolidated Income Statements - International Financial Reporting Standards

1. Condensed Balance Sheet - Consolidated

Unit: NT\$ thousand

Item \ Year		Financial analysis for the Last Five Fiscal Years (Note 1)					Financial data as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		4,302,174	8,166,446	16,101,379	20,138,640	22,225,555	—
Property, plant and equipment		33,981	48,149	49,501	46,053	44,435	—
Intangible assets		939	2,904	1,822	619	325	—
Other assets		551,650	990,639	5,435,582	6,549,525	7,871,828	—
Total assets		4,888,744	9,208,138	21,588,284	26,734,837	30,142,143	—
Current liabilities	Before distribution	1,296,936	3,280,916	4,329,476	6,873,402	7,113,693	—
	After distribution	1,690,754	4,055,185	5,194,454	7,501,248	Note3	—
Non-current liabilities		1,768,718	2,568,365	11,014,929	13,130,613	14,672,479	—
Total liabilities	Before distribution	3,065,654	5,849,281	15,344,405	20,004,015	21,786,172	
	After distribution	3,459,472	6,623,550	16,209,383	20,631,861	Note 3	—
Equity attributed to the owners of the parent company		1,759,907	3,246,696	5,581,025	5,803,428	7,030,694	—
Share capital		869,717	967,836	1,364,620	1,471,081	1,471,081	—
Capital surplus		65,164	384,403	1,285,231	1,285,231	1,285,231	—
Retained earnings	Before distribution	854,817	1,853,452	2,841,617	2,957,906	4,039,248	—
	After distribution	460,999	1,079,183	1,976,639	2,330,060	Note 3	—
Other equity		-29,791	41,005	89,557	160,712	306,636	—
Treasury shares		—	—	—	-71,502	-71,502	—
Non-controlling interest		63,183	112,161	662,854	927,394	1,325,277	—
Total equity	Before distribution	1,823,090	3,358,857	6,243,879	6,730,822	8,355,971	—
	After distribution	1,429,272	2,584,588	5,378,901	6,102,976	Note 3	—

Note 1: The above financial data has been certified and audited by CPAs.

Note 2: As of the printing date of the Annual Report, financial information of companies whose shares are listed or traded on the stock exchange shall be disclosed if they have been audited or reviewed by CPAs recently.

Note 3: The profit distribution plan for 2023 has not been approved by the Shareholders' Meeting.

2. Condensed Balance Sheet - Parent Company

Unit: NT\$ thousand

Item \ Year		Financial analysis for the Last Five Fiscal Years (Note 1)					Financial data as of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		3,784,123	6,465,584	11,085,511	12,529,130	12,901,409	N/A
Property, plant and equipment		21,825	38,117	37,088	35,195	36,204	
Intangible assets		737	2,569	1,578	393	237	
Other assets		745,074	1,380,849	3,267,504	4,729,155	6,456,183	
Total assets		4,551,759	7,887,119	14,391,681	17,293,873	19,394,033	
Current liabilities	Before distribution	1,095,401	2,497,756	2,773,498	4,770,327	4,791,157	
	After distribution	1,489,219	3,272,025	3,638,476	5,398,173	Note 2	
Non-current liabilities		1,696,451	2,142,667	6,037,158	6,720,118	7,572,182	
Total liabilities	Before distribution	2,791,852	4,640,423	8,810,656	11,490,445	12,363,339	
	After distribution	3,185,670	5,414,692	9,675,634	12,118,291	Note 2	
Equity attributed to the owners of the parent company		1,759,907	3,246,696	5,581,025	5,803,428	7,030,694	
Share capital		869,717	967,836	1,364,620	1,471,081	1,471,081	
Capital surplus		65,164	384,403	1,285,231	1,285,231	1,285,231	
Retained earnings	854,817	1,853,452	2,841,617	2,841,617	2,957,906	4,039,248	
	460,999	1,079,183	1,976,639	1,976,639	2,330,060	Note 2	
Other equity		-29,791	41,005	89,557	160,712	306,636	
Treasury shares		—	—	—	-71,502	-71,502	
Non-controlling interest		—	—	—	—	—	
Total equity	Before distribution	1,759,907	3,246,696	5,581,025	5,803,428	7,030,694	
	After distribution	1,366,089	2,472,427	4,716,047	5,175,582	Note 2	

Note 1: The above financial data has been certified and audited by CPAs.

Note 2: The profit distribution plan for 2023 has not been approved by the Shareholders' Meeting.

3. Condensed Consolidated Income Statement – Consolidated

Unit: NT\$ thousand; earnings per share : NT\$

Item \ Year	Financial analysis for the Last Five Fiscal Years (Note 1)					Financial data as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	1,733,877	3,747,452	6,356,334	5,092,277	7,754,584	—
Gross profit	936,983	2,212,773	3,249,204	2,280,694	2,682,771	—
Operating profit and loss	577,392	1,634,627	2,416,521	1,598,680	1,876,816	—
Non-operating income and expenses	121,064	152,548	-114,920	-311,887	314,295	—
Net income before tax	698,456	1,787,175	2,301,601	1,286,793	2,191,111	—
Profit from continuing operations	578,928	1,431,116	1,750,141	899,951	1,747,188	—
Losses from discontinued units	—	—	—	—	—	—
Net profit (loss)	578,928	1,431,116	1,750,141	899,951	1,747,188	—
Other comprehensive income (net income after-tax)	15,348	75,611	152,776	150,366	228,604	—
Total comprehensive income for the current period	594,276	1,506,727	1,902,917	1,050,317	1,975,792	—
Profit attributable to owners of the parent	565,055	1,463,249	1,658,265	934,394	1,655,364	—
Net profit attributable to non-controlling equity	13,873	43,478	91,876	-34,443	91,824	—
Total comprehensive income attributed to the owners of the parent company	580,403	1,463,249	1,811,041	1,084,760	1,883,968	—
Total comprehensive income attributed to non-controlling equity	13,873	43,478	91,876	-34,443	91,824	—
Earnings per share (Note 3)	6.27	13.73	14.16	7.88	13.86	—

Note 1: The above financial data has been certified and audited by CPAs.

Note 2: As of the printing date of the Annual Report, financial information of companies whose shares are listed or traded on the stock exchange shall be disclosed if they have been audited or reviewed by CPAs recently.

Note 3: It refers to the earnings per share after retroactive adjustment.

4. Condensed Consolidated Income Statement — Parent Company

Unit: NT\$ thousand; earnings per share : NT\$

Item \ Year	Financial analysis for the Last Five Fiscal Years (Note 1)					Financial data as of March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	1,390,240	2,738,551	3,208,923	2,622,737	4,390,794	N/A
Gross profit	744,253	1,678,006	1,752,655	1,260,711	1,654,463	
Operating profit and loss	434,137	1,197,352	1,246,688	798,000	926,519	
Non-operating income and expenses	220,041	449,597	690,337	315,014	961,264	
Net income before tax	654,178	1,646,949	1,937,025	1,113,014	1,887,783	
Profit from continuing operations	565,055	1,387,638	1,658,265	934,394	1,655,364	
Losses from discontinued units	—	—	—	—	—	
Net profit (loss)	565,055	1,387,638	1,658,265	934,394	1,655,364	
Other comprehensive income (net income after-tax)	15,348	75,611	152,776	150,366	228,604	
Total comprehensive income for the current period	580,403	1,463,249	1,811,041	1,084,760	1,883,968	
Earnings per share (Note 2)	6.27	13.73	14.16	7.88	13.86	

Note 1: The above financial data has been certified and audited by CPAs.

Note 2: It refers to the earnings per share after retroactive adjustment.

(II) Condensed Balance Sheets and Consolidated Income Statements - Taiwan Financial Reporting Standards: N/A.

(III) Names of CPAs and theirs opinions for the last five years

Year	CPA name	Opinions for audit reports
2019	Tai, Hsin-Wei; Kuo Li-Wen	Unqualified opinion
2020	Chen, Pei-Te ; Kuo Li-Wen	Unqualified opinion
2021	Chen, Pei-Te ; Kuo Li-Wen	Unqualified opinion
2022	Chen, Pei-Te ; Kuo Li-Wen	Unqualified opinion
2023	Kuo, Li-Wen ; Chen, Pei-Te	Unqualified opinion

II. Financial analysis for the last five years

1. Financial Analysis — International Financial Reporting Standards — Consolidated

Analysis Item \ Year		Financial analysis for the last five years					Financial data as of March 31, 2024 (Note)
		2019	2020	2021	2022	2023	
Financial structure%	Debt-to-assets ratio	62.70	63.52	71.07	74.82	72.27	—
	Long-term capital property, plant, and equipment ratio	10,570.04	12,310.16	34,865.57	43,127.34	51,825.02	—
Solvency%	Current ratio	331.71	248.90	371.90	292.99	312.43	—
	Quick ratio	118.72	101.85	112.61	85.77	108.60	—
	Interest coverage ratio	131.89	142.80	19.06	10.10	13.05	—
Operating ability	Receivables turnover ratio (times)	4.14	4.75	5.19	3.80	6.10	—
	Average collection period	88.16	76.84	70.32	96.05	59.83	—
	Inventory turnover ratio (times)	0.42	0.40	0.38	0.22	0.35	—
	Payable turnover ratio (times)	4.13	3.92	5.20	3.44	5.91	—
	Average days of sales	869.04	912.50	960.52	1,659.09	1042.85	—
	Property, plant, and equipment turnover ratio (times)	99.68	91.25	130.18	106.58	171.39	—
	Total asset turnover ratio (times)	0.47	0.53	0.41	0.21	0.27	—
Profitability	Return on assets (%)	15.95	20.44	12.02	4.19	6.65	—
	Return on Equity (ROE) (%)	35.31	55.23	41.72	17.12	27.75	—
	Ratio of net profit before tax to paid-in capital (%)	80.30	184.65	168.66	87.47	148.94	—
	Net profit ratio (%)	33.38	38.18	27.53	17.67	22.53	—
	Earnings per share (NT\$) (Note 5)	6.59	13.73	14.16	7.88	13.86	—
Cash flows	Cash flow ratio (%)	Note 2	Note 2	Note 2	Note 2	31.69	—
	Cash flow adequacy ratio (%)	Note 2	Note 2	Note 2	Note 2	Note 2	—
	Cash re-investment ratio (%)	Note 2	Note 2	Note 2	Note 2	8.92	—
Leverage	Operating leverage	1.00	1.00	1.00	1.01	1.00	—
	Financial leverage	1.00	1.00	1.05	1.09	1.10	—

Please explain the reasons for the changes in financial ratios in the last two years. (If the changes are less than 20%, you may omit the analysis.)

1. Solvency:

- (1) The quick ratio has increased primarily due to the Company's increase in current assets, which include cash and inventory.
- (2) The increase in times interest earned was mainly due to the increase in the net profit before tax of the Company.

2. Operating ability:

- (1) The increase in turnover rate of receivables and the decrease in average days for cash receipts were mainly due to the increase in net sales in the current year.
- (2) The increase in turnover rate of payables and the decrease in average days for cash paid were mainly due to the increase in cost in the current year.
- (3) The increase in turnover rate of inventories and the decrease in average days for sales were mainly due to the increase in cost in the current year.
- (4) The increase in turnover rate of real estate, factories, and equipment were mainly due to the increase in net sales.
- (5) The increase in the total asset turnover rate is mainly due to the increase in net sales and average total assets for the current year.

3. Profitability:

- (1) The increase in return on assets was mainly due to the average increase in total assets in the current year.
- (2) The increase in return on equity was mainly due to the increase in net profit after tax in the current year.
- (3) The increase in the ratio of pre-tax net profit to paid-in capital was mainly due to the increase in pre-tax net profit in the current year.
- (4) The increase in the net profit margin was mainly due to the increase in net sales for the current year.
- (5) The increase in earnings per share was mainly due to the increase in net profit after tax in the current year.

4. Cash flow:

- (1) The increase in cash flow ratio and cash reinvestment ratio was mainly due to the net cash inflow from operating activities in the current year.

Note: As of the printing date of this annual report, the financial statements for the first quarter of 2024 have not yet been audited by the accountant.

2. Financial Analysis - International Financial Reporting Standards - Parent Company

Analysis Item \ Year		Financial analysis for the Last Five Fiscal Years (Note 1)					As of March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure%	Debt-to-assets ratio	61.33	58.83	61.22	66.44	63.74	N/A
	Long-term capital property, plant, and equipment ratio	15,836.69	14,139.00	31,325.98	35,583.31	40,334.97	
Solvency%	Current ratio	345.45	258.85	399.69	262.64	269.27	
	Quick ratio	111.04	95.41	87.74	56.99	75.05	
	Interest coverage ratio	152.36	152.30	45.26	29.12	28.16	
Operating ability	Receivables turnover ratio (times)	4.30	4.73	4.71	3.70	5.99	
	Average collection period	84.88	77.16	77.49	98.64	60.93	
	Inventory turnover ratio (times)	0.36	0.31	0.22	0.14	0.28	
	Payable turnover ratio (times)	4.45	4.55	5.72	3.92	7.48	
	Average days of sales	1,013.88	1,177.41	1,659.09	2607.14	1,303.57	
	Property, plant, and equipment turnover ratio (times)	122.86	91.37	85.33	72.56	122.99	
	Total asset turnover ratio (times)	0.40	0.44	0.28	0.16	0.23	
Profitability	Return on assets (%)	16.63	22.45	15.21	6.10	9.32	
	Return on Equity (ROE) (%)	35.47	55.43	37.56	16.41	32.02	
	Ratio of net profit before tax to paid-in capital (%)	75.21	170.16	141.94	75.65	128.32	
	Net profit ratio (%)	40.64	50.67	51.67	35.62	37.70	
	Earnings per share (NT\$) (Note 4)	6.59	13.73	14.16	7.88	13.86	
Cash flows	Cash flow ratio (%)	Note 2	Note 2	Note 2	Note 2	43.00	
	Cash flow adequacy ratio (%)	Note 2	Note 2	Note 2	Note 2	Note 2	
	Cash re-investment ratio (%)	Note 2	Note 2	Note 2	Note 2	9.79	
Leverage	Operating leverage	1.02	1.06	1.00	1.11	1.19	
	Financial leverage	1.01	1.00	1.03	1.05	1.08	
Please explain the reasons for the changes in financial ratios in the last two years. (If the changes are less than 20%, you may omit the analysis.)							
1. Solvency:							
(1) The quick ratio has increased primarily due to the Company's increase in current assets, which includes cash.							
2. Operating ability:							
(1) The increase in turnover rate of receivables and the decrease in average days for cash receipts were mainly due to the increase in net sales in the current year.							
(2) The increase in turnover rate of payables and the decrease in average days for cash paid were mainly due to the increase in cost in the current year.							
(3) The increase in turnover rate of inventories and the decrease in days for sales were mainly due to the increase in cost in the current year.							
(4) The increase in turnover rate of real estate, factories, and equipment were mainly due to the increase in net sales in the current year.							
(5) The increase in the total asset turnover rate is mainly due to the increase in net sales and average total assets for the current year.							
3. Profitability:							
(1) The increase in return on assets was mainly due to the increase in net profit after tax in the current year.							
(2) The increase in return on equity was mainly due to the increase in net profit after tax in the current year.							
(3) The increase in the ratio of pre-tax net profit to paid-in capital was mainly due to the increase in pre-tax net profit in the current year.							
(4) The increase in earnings per share was mainly due to the increase in net profit after tax in the current year.							
4. Cash flow:							
(1) The increase in cash flow ratio and cash reinvestment ratio was mainly due to the net cash inflow from operating activities in the current year.							

Note 1: As of the printing date of the Annual Report, financial information of companies whose shares are listed or traded on the stock exchange shall be disclosed if they have been audited or reviewed by CPAs recently.

Note 2: As the net cash flow from operating activities for the current year or the most recent five fiscal years is negative, it is not stated.

Note 3: At the end of this table, the following calculation formula shall be listed:

1. Financial structure

- (1) Debt-to-assets ratio = total liabilities / total assets.
- (2) Long-term capital ratio for real estate, plant, and equipment = (total equity + non-current liabilities) / net for real estate, plant, and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
- (3) Times interest earned = net income before income tax and interest expense / current interest expense.

3. Operating ability

- (1) Receivables (including accounts receivable arising from operation notes receivable) turnover ratio = net sales / average receivables (including accounts receivable arising from operation notes receivable) balances.
- (2) Average collection period = 365 / receivables turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Payable (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances.
- (5) Average days of sales = 365 / inventory turnover.
- (6) Real estate, plant, and equipment turnover ratio = net sales / average net for real estate, plant, and equipment.
- (7) Total assets turnover ratio = net sales / average total assets.

4. Profitability

- (1) Return on assets = (net income + interest expenses × (1 - tax rate)) / average total assets.
- (2) Return on equity = net income / average total equity.
- (3) Net profit margin = net income / net sales.
- (4) Earnings per share = (Profits and losses attributable to owners of parent company — Dividends of preferred shares) / Weighted average number of shares issued (Note 4).

5. Cash flows

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
- (2) Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years.

- (3) Cash reinvestment ratio = (net cash flows from operating activities – cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

- (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating profit (Note 6)
- (2) Financial leverage = Operating profit / (Operating profit - Interest expense).

Note 4: In the above formula for calculating earnings per share, special attention should be paid to the following matters:

1. It shall be calculated based on the number of weighted average common shares rather than the number of shares outstanding at the end of the year.
2. In the case of the issuance of common stock for cash or the trading of treasury stock, the weighted-average number of shares shall be calculated by taking into account the period of liquidity of the shares.
3. In the event of the surplus profit distributed in the form of new shares or capital surplus transferred to common stocks, when calculating the earnings per share of the previous year and half year, retroactive adjustment shall be made according to the proportion of capital increase, without taking into account the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, its annual dividends (whether distributed or not) should be deducted from or added to the after-tax net profit or loss. If the preferred shares are non-cumulative, the preferred shares dividends should be deducted from the after-tax net profit in the case of a profit, and no adjustment is necessary in the case of a loss.

Note 5: Cash flow analysis shall be measured with special attention to the following matters:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the cash outflow from capital investment each year.
3. The increase in inventory is included only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends on common and preferred shares.
5. Gross value of property, plant and equipment refers to the total value of property, plant and equipment before accumulated depreciation.

Note 6: The issuer shall classify various operating costs and expenses as fixed and variable by nature. If estimates or subjective judgments are involved, attention should be paid to their rationality and consistency.

Note 7: In the case of shares issued by a company with no par value or a par value other than NT\$10 per share, the calculation of the ratio of paid-in capital is changed to the ratio of equity attributable to the owners of the parent company in the balance sheet.

3. Financial analysis- Taiwan's financial accounting standards: N/A.

III. Report of the Audit Committee on the review of the financial statements for the most recent fiscal year

Audit Committee's Review Report

The Board of Directors presents the annual report, the financial statements and the statement of profit distribution for the year 2023. These financial statements have been audited by the auditors of Ernst & Young and an audit report has been issued thereon.

The Audit Committee has reviewed the operating report, the financial statements and the profit distribution statement and found them to be in compliance. As a result, a report pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act has been prepared. Please read and review.

To:

2024 Annual Shareholders' Meeting of Hi-Yes International Co., Ltd.

Convener of the Audit Committee

Huang, Chih-Tien

March 22, 2024

- IV. The financial reports for the most recent fiscal year, including the CPA's reports, two-year comparative balance sheets, consolidated statements of income, changes in equity, cash flows, and notes or schedules:** Please refer to Pages 118 to 191.
- V. The parent company only financial statements audited and certified by CPAs for the most recent fiscal year. Excluding detailed statements of significant accounting items:** Please refer to pages 192 to 259.
- VI. Financial difficulties suffered by the Company and its subsidiaries in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report:** N/A.

Declaration of Consolidated Financial Statements of Affiliated Companies

It is hereby declared that for the year 2023 (from January 1, 2023 to December 31, 2023), the affiliated companies of the Company to be included in accordance with the Criteria Governing Preparation of Affiliation Reports, the Consolidated Business Reports and Consolidated Financial Reports of Affiliated Enterprises, are similar to those included in the consolidated financial reports of the parent company and its subsidiaries in accordance with the International Financial Reporting Standards No. 10 (IFRS 10). All the information to be disclosed in the consolidated financial reports of affiliated companies has already been disclosed in the consolidated financial reports of the parent company and its subsidiaries. Hence, the consolidated financial reports of affiliated companies are not reported separately.

Sincerely,

Company Name:	Hi-Yes International Co., Ltd.
Principal:	Huang, Hsi-Wen

March 15, 2024

Independent Auditors' Report

To Hi-Yes International Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Hi-Yes International Co., Ltd. and its subsidiaries (collectively referred as “the Group” hereafter), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity, and cash flow for the three months then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinions, the foregoing Consolidated Financial Statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) as endorsed and issued into effect by the Financial Supervisory Commission (FSC), which are adequate to present the financial conditions of Hi-Yes International and its subsidiaries as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flow for the period from January 1 to December 31, 2023 and 2022.

Basis of Auditor's Opinion

We performed the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibility under those standards will be further described in the section titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements". We are independent of Hi-Yes International Co., Ltd. and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to those matters that, in our professional judgment, are of most significance for our audit on the Consolidated Financial Statements for 2023 of Hi-Yes International and its subsidiaries. These matters have been addressed in the course of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon. We do not express a separate opinion on such matters individually.

We hereby state the key audit matters on the Consolidated Financial Statements for 2023 of Hi-Yes International and its subsidiaries as follows:

Revenue recognition of consignment service

Revenue of consignment service refers to the regulations of commission sales agent contract between the Group and the construction companies. Service revenue is recognized when each performance obligation is completed. The amount of consignment service revenue is higher than other income, and the recognition requirements for performance obligations involve more complexity than other income. Therefore, the performance obligation and income recognition of its consignment service revenue are considered as the key audit matters.

We have carried out the main audit procedures for the above-mentioned items as follows:

- Control tests were performed to understand the recognition of revenue of consignment service and the design and implementation of related control systems.
- The samples were selected from the revenue of consignment service transactions for the current year and the commission sales agent contracts signed by both parties were inspected to understand the terms and arrangements of the contract.
- Relevant documents were sampled and checked to confirm whether the revenue of consignment service recognized due to its performance obligations are fulfilled in accordance with the terms of the contract. Also, the revenue was recognized consistently in accordance with the accounting policies.
- Regarding the sampling and checking of the transactions with significant amounts, the control system for assessing their credit risk was understood, and the payment collection conditions of these transactions were tested.

Impairment assessment of land held for construction and properties under development

As stated in Note10, the land held for construction and properties under development held by Hi-Yes International and its subsidiaries is NT\$13,478,268 thousand, accounting for about 45% of the total consolidated assets, which has a material impact on the Consolidated Financial Statements. Management shall, at the end of each reporting period, assess whether there are any signs of impairment in the land held for construction and properties under development held by the

Company in accordance with the provisions of IAS 36 Impairment of Assets, and estimate the recoverable amount of the asset to assess the amount of impairment if there is any indication of impairment of such asset. However, the market price of real estate is susceptible to government policies, economic climate, market supply and demand and other factors, and impairment assessment involves the subjective judgment of management and major estimates and assumptions. Therefore, the impairment assessment of land held for construction and properties under development is considered as the key audit matters.

We have carried out the main audit procedures for the above-mentioned items as follows:

- Took stock of and verified the land title documents of land held for construction and properties under development.
- Obtained the Company's evaluation list of land held for construction and properties under development and the evaluation form of signs of asset impairment.
- Obtained the independent evaluation report used by the Company and evaluated the professional competence, competency and objectivity of the independent evaluators.
- Evaluated the important parameter assumptions used in real estate valuation, and evaluated the reasonableness of parameter assumptions such as announced transaction prices in nearby areas.

Other matters

Hi-Yes International Co., Ltd. has prepared its Parent Company Only Financial Statements for 2023 and 2022, and has received an audit report with unqualified opinion from us for future reference.

Responsibilities of management and governance for the Consolidated Financial Statements

It is the responsibility of management to prepare and fairly present the Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) as endorsed and issued into effect by the Financial Supervisory Commission (FSC), and to maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements to ensure that there is no material misrepresentations that are attributed to fraud or error therein.

In the preparation of the Consolidated Financial Statements, it is also the responsibility of management to assess the ability of Hi-Yes International and its subsidiaries to continue as a going concern, to disclose relevant matters, and to adopt the accounting basis for going concern, unless the management intends to liquidate Hi-Yes International and its subsidiaries or discontinue operations, or has to do so without any other practical alternatives.

The governing body of Hi-Yes International and its subsidiaries (including the Audit Committee) is responsible to supervise the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our audit on the Consolidated Financial Statements aims to obtain reasonable assurance on whether the Consolidated Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an audit report. Reasonable assurance refers to high level of assurance. However, our audit conducted in accordance with Generally Accepted Auditing Standards does not guarantee that material misrepresentations in the Consolidated Financial Statements will be detected. Misrepresentations may be attributable to fraud or error. A misrepresentation of an individual amount or amount in aggregate is considered as materiality if it is reasonably expected to affect the economic decisions made by users on the basis of the Consolidated Financial Statements.

We have exercised professional judgment and professional skepticism when conducting the audit in accordance with the Auditing Standards. We also:

1. Identified and assessed the risk of a material misrepresentation attributable to fraud or errors in the Consolidated Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, intentional omission, misrepresentation, or override of internal control, the risk of a material misrepresentation that is not attributable to fraud is higher than that which is attributable to error.
2. Obtained necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate for the circumstances. Nevertheless, the purpose of such understanding is not to express an opinion on the effectiveness of the internal controls of Hi-Yes International and its subsidiaries.
3. Assessed the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence available, on the appropriateness of management's adoption of the accounting basis for going concern and whether material uncertainties exist where events or circumstances that may cause material doubt on the ability of Hi-Yes International and its subsidiaries to continue as a going concern. If, in our opinion, there is material uncertainty about such events or circumstances, we are required to remind the user of the Consolidated Financial Statements of the relevant disclosure therein, or amend our audit opinion if such disclosure is inappropriate. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or circumstances

may result in that Hi-Yes International and its subsidiaries may cease to continue as a going concern.

5. Evaluated the overall presentation, structure and content of the Consolidated Financial Statements (including relevant notes), and whether the Consolidated Financial Statements present the relevant transactions and events fairly.
6. Obtained sufficient and appropriate audit evidence of the financial information on individual within Hi-Yes International and its subsidiaries of using the equity method to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit and the formation of our audit opinion on Hi-Yes International and its subsidiaries.

We communicated matters with the governing body, including the planned scope and timing of the audit, as well as the material audit findings (including material deficiencies in internal control identified during our audit).

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence in accordance with the Code of Professional Ethics for Certified Public Accountants, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the governing body, we determined the key audit matters for the Consolidated Financial Statements in 2023 of Hi-Yes International and its subsidiaries. We have stated such matters in the audit report. Unless public disclosure of a particular matter is prohibited by law or, in very rare circumstances, we determined not to communicate such matter in the audit report where it can reasonably be expected that the negative impact of such communication will outweigh the public benefits.

Deloitte & Touche

CPA Chen, Pei-Te

Financial Supervisory Commission
Approval Document No.
Jin-Guan-Zheng-Shen Zi No. 1080321204

CPA Kuo, Li-Wen

Securities and Futures Bureau Approval
Document No.
Tai-Cai-Zheng-Liu-Zi No. 0920123784

March 22, 2024

Hi-Yes International Co., Ltd. and its Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NT\$ thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 5,379,485	18	\$ 3,774,411	14
1140	Contract assets (Note 17)	872,751	3	653,033	2
1150	Notes and accounts receivable - non-related parties (Note 9)	1,190,511	4	1,252,069	5
1160	Notes and accounts receivable - related parties (Notes 9 and 22)	77,774	-	66	-
1200	Other receivables - non-related parties	54,460	-	71,974	-
1210	Other receivables - related parties	80	-	123	-
1320	Inventories (applicable to the construction industry) (Notes 5 and 23)	13,478,268	45	12,810,897	48
1479	Other current assets	217,447	1	201,269	1
1480	Incremental costs of obtaining a contract (Note 17 and 22)	118,970	-	21,183	-
1482	Contract performance costs (Note 17)	835,809	3	1,353,615	5
11XX	Total current assets	<u>22,225,555</u>	<u>74</u>	<u>20,138,640</u>	<u>75</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 7 and 23)	1,057,732	4	418,564	2
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 23)	640,118	2	638,966	2
1535	Financial assets at amortized cost - non-current (Note 23)	1,030,516	3	728,477	3
1550	Investments accounted for using the equity method (Note 12)	227,966	1	225,960	1
1600	Property, plant and equipment	44,435	-	46,053	-
1755	Right-of-use assets	4,853	-	7,497	-
1760	Investment properties (Notes 13 and 23)	4,824,298	16	4,419,706	17
1805	Goodwill	14,335	-	14,335	-
1821	Intangible assets	325	-	619	-
1900	Other non-current assets	72,010	-	96,020	-
15XX	Total non-current assets	<u>7,916,588</u>	<u>26</u>	<u>6,596,197</u>	<u>25</u>
1XXX	Total assets	<u>\$ 30,142,143</u>	<u>100</u>	<u>\$ 26,734,837</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term borrowings (Notes 14 and 23)	\$ 2,178,500	7	\$ 2,027,400	8
2110	Short-term notes and bills payable (Note 14)	237,071	1	237,136	1
2150	Notes and accounts payable - non related parties	785,258	3	926,605	3
2180	Accounts payable - related parties (Note 22)	942	-	975	-
2200	Other payables - non-related parties	554,360	2	404,764	2
2220	Other payables - related parties	878	-	240	-
2230	Current income tax liabilities (Note 19)	282,833	1	145,906	1
2280	Lease liabilities - current (Note 13)	482,276	1	48,783	-
2320	Long-term liabilities matured within one year (Notes 14 and 23)	2,525,544	8	3,042,558	11
2399	Other current liabilities	66,031	-	39,035	-
21XX	Total Current Liabilities	<u>7,113,693</u>	<u>23</u>	<u>6,873,402</u>	<u>26</u>
	Non-current liabilities				
2527	Contract liabilities - non-current (Note 17)	2,120,242	7	1,215,581	5
2540	Long-term borrowings (Notes 14 and 23)	10,155,786	34	9,063,712	34
2550	Provisions - non-current	-	-	100,000	-
2570	Deferred income tax liabilities (Note 19)	258,986	1	259,824	1
2580	Lease liabilities - non-current (Note 13)	2,135,865	7	2,490,784	9
2645	Guarantee deposit received	1,600	-	712	-
25XX	Total non-current liabilities	<u>14,672,479</u>	<u>49</u>	<u>13,130,613</u>	<u>49</u>
2XXX	Total Liabilities	<u>21,786,172</u>	<u>72</u>	<u>20,004,015</u>	<u>75</u>
	Equity attributable to owners of the Company (Note 16)				
	Share capital				
3110	Share capital - ordinary share	1,171,081	4	1,171,081	4
3120	Share capital - preferred share	300,000	1	300,000	1
3100	Total share capital	<u>1,471,081</u>	<u>5</u>	<u>1,471,081</u>	<u>5</u>
3200	Capital surplus	<u>1,285,231</u>	<u>4</u>	<u>1,285,231</u>	<u>5</u>
	Retained earnings				
3310	Legal capital reserve	564,732	2	466,605	2
3350	Unappropriated Earnings	<u>3,474,516</u>	<u>11</u>	<u>2,491,301</u>	<u>9</u>
3300	Total Retained Earnings	<u>4,039,248</u>	<u>13</u>	<u>2,957,906</u>	<u>11</u>
3400	Other equity	<u>306,636</u>	<u>1</u>	<u>160,712</u>	<u>1v</u>
3500	Treasury shares	(71,502)	-	(71,502)	-
31XX	Total equity attributable to owners of the Company	<u>7,030,694</u>	<u>23</u>	<u>5,803,428</u>	<u>22</u>
36XX	Non-controlling interest	<u>1,325,277</u>	<u>5</u>	<u>927,394</u>	<u>3</u>
3XXX	Total equity	<u>8,355,971</u>	<u>28</u>	<u>6,730,822</u>	<u>25</u>
	Total Liabilities and Equity	<u>\$ 30,142,143</u>	<u>100</u>	<u>\$ 26,734,837</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Huang, Hsi-Wen

Managerial officers: Wang, Chun-Chieh

Chief Accounting Officer: Kao, Ping-Chih

Hi-Yes International Co., Ltd. and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating Revenue (Notes 17 and 22)	\$ 7,754,584	100	\$ 5,092,277	100
5000	Operating Costs (Note 22)	<u>5,071,813</u>	<u>66</u>	<u>2,811,583</u>	<u>55</u>
5900	Gross profit	<u>2,682,771</u>	<u>34</u>	<u>2,280,694</u>	<u>45</u>
	Operating expense (Notes 9, 18 and 22)				
6200	Sales and management expenses	800,329	10	697,213	14
6450	Expected credit impairment loss (reversal of benefit)	<u>5,626</u>	<u>-</u>	<u>(15,199)</u>	<u>-</u>
6000	Total operating expenses	<u>805,955</u>	<u>10</u>	<u>682,014</u>	<u>14</u>
6900	Net operating profit	<u>1,876,816</u>	<u>24</u>	<u>1,598,680</u>	<u>31</u>
	Non-operating income and expenses (Note 18)				
7100	Interest income	22,605	-	6,954	-
7190	Other income	154,270	2	28,254	1
7020	Other gains and losses	317,184	4	(227,076)	(4)
7050	Finance costs	(181,770)	(2)	(141,358)	(3)
7060	Share of profit or loss of associates recognized using the equity method	<u>2,006</u>	<u>-</u>	<u>21,339</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>314,295</u>	<u>4</u>	<u>(311,887)</u>	<u>(6)</u>
7900	Net income before tax	2,191,111	28	1,286,793	25
7950	Income tax expense (Note 19)	<u>443,923</u>	<u>6</u>	<u>386,842</u>	<u>7</u>
8200	Net income for the period	<u>1,747,188</u>	<u>22</u>	<u>899,951</u>	<u>18</u>

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Code		2023		2022	
		Amount	%	Amount	%
8310	Items that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	<u>\$ 228,604</u>	<u>3</u>	<u>\$ 150,366</u>	<u>3</u>
8500	Total comprehensive income for the year	<u>\$ 1,975,792</u>	<u>25</u>	<u>\$ 1,050,317</u>	<u>21</u>
	Net income attributable to:				
8610	Owners of the Company	\$ 1,655,364	22	\$ 934,394	19
8620	Non-controlling interest	<u>91,824</u>	<u>1</u>	<u>(34,443)</u>	<u>(1)</u>
8600		<u>\$ 1,747,188</u>	<u>23</u>	<u>\$ 899,951</u>	<u>18</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 1,883,968	24	\$ 1,084,760	21
8720	Non-controlling interest	<u>91,824</u>	<u>1</u>	<u>(34,443)</u>	<u>-</u>
8700		<u>\$ 1,975,792</u>	<u>25</u>	<u>\$ 1,050,317</u>	<u>21</u>
	Earnings per share (Note 20)				
9710	Basic	<u>\$ 13.86</u>		<u>\$ 7.88</u>	
9810	Diluted	<u>\$ 13.83</u>		<u>\$ 7.86</u>	

The accompanying notes are an integral part of the consolidated financial statements.

Chairman:
Huang, Hsi-Wen

Managerial officers:
Wang, Chun-Chieh

Chief Accounting Officer:
Kao, Ping-Chih

Hi-Yes International Co., Ltd. and its Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars, Except for Dividends Per Share in Dollars

		Equity attributable to owners of the Company										Non-controlling interest	Total equity
		Share capital				Retained earnings			Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Treasury shares	Total		
Code		Share capital - ordinary share	Share capital - preferred share	Total	Capital surplus	Legal capital reserve	Special reserve	Unappropriated Earnings					
A1	Balance as of January 1, 2022	\$ 1,064,620	\$ 300,000	\$ 1,364,620	\$ 1,285,231	\$ 290,361	\$ -	\$ 2,551,256	\$ 89,557	\$ -	\$ 5,581,025	\$ 662,854	\$ 6,243,879
B1	Appropriation of 2021 earnings												
B5	Legal capital reserve	-	-	-	-	176,244	-	(176,244)	-	-	-	-	-
B7	Cash dividends to shareholders held ordinary shares of the Company - \$7	-	-	-	-	-	-	(745,234)	-	-	(745,234)	-	(745,234)
B9	Cash dividends of preferred shares	-	-	-	-	-	-	(13,282)	-	-	(13,282)	-	(13,282)
	Stock dividends to shareholders held ordinary shares of the Company - \$1	106,461	-	106,461	-	-	-	(106,461)	-	-	-	-	-
D1	Net income for 2022	-	-	-	-	-	-	934,394	-	-	934,394	(34,443)	899,951
D3	Other comprehensive income for 2022	-	-	-	-	-	-	-	150,366	-	150,366	-	150,366
D5	TOTAL COMPREHENSIVE INCOME/(LOSS) FOR 2022	-	-	-	-	-	-	934,394	150,366	-	1,084,760	(34,443)	1,050,317
L1	Treasury shares buyback	-	-	-	-	-	-	-	-	(71,502)	(71,502)	-	(71,502)
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(32,339)	-	-	(32,339)	-	(32,339)
O1	Cash dividend for shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(35,100)	(35,100)
O1	Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	334,083	334,083
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	79,211	(79,211)	-	-	-	-
Z1	Balance as of December 31, 2022	1,171,081	300,000	1,471,081	1,285,231	466,605	-	2,491,301	160,712	(71,502)	5,803,428	927,394	6,730,822
B1	Appropriation of 2022 earnings												
B5	Legal capital reserve	-	-	-	-	98,127	-	(98,127)	-	-	-	-	-
B7	Cash dividends to shareholders held ordinary shares of the Company - \$5	-	-	-	-	-	-	(579,846)	-	-	(579,846)	-	(579,846)
	Cash dividends of preferred shares	-	-	-	-	-	-	(48,000)	-	-	(48,000)	-	(48,000)
D1	Net income for 2023	-	-	-	-	-	-	1,655,364	-	-	1,655,364	91,824	1,747,188
D3	Other comprehensive income for 2023	-	-	-	-	-	-	-	228,604	-	228,604	-	228,604
D5	TOTAL COMPREHENSIVE INCOME/(LOSS) FOR 2023	-	-	-	-	-	-	1,655,364	228,604	-	1,883,968	91,824	1,975,792
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(28,856)	-	-	(28,856)	-	(28,856)
O1	Cash dividend for shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(15,825)	(15,825)
O1	Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	321,884	321,884
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	82,680	(82,680)	-	-	-	-
Z1	Balance as of December 31, 2023	\$ 1,171,081	\$ 300,000	\$ 1,471,081	\$ 1,285,231	\$ 564,732	\$ -	\$ 3,474,516	\$ 306,636	(\$ 71,502)	\$ 7,030,694	\$ 1,325,277	\$ 8,355,971

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Huang, Hsi-Wen

Managerial officers: Wang, Chun-Chieh

Chief Accounting Officer: Kao, Ping-Chih

Hi-Yes International Co., Ltd. and its Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

Unit: NT\$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax	\$ 2,191,111	\$ 1,286,793
A20010	Income and expenses having no effect on cash flows		
A20100	Depreciation expenses	15,437	15,050
A20200	Amortization expenses	482	1,462
A20300	Expected credit impairment loss (reversal of benefit)	5,626	(15,199)
A20400	Net profit or loss from financial assets and liabilities measured at fair value through profits or losses	(358,995)	49,487
A20900	Finance costs	181,770	141,358
A21200	Interest income	(22,605)	(6,954)
A21300	Dividend income	(14,507)	(11,495)
A22300	Share of profit or loss of associates recognized using the equity method	(2,006)	(21,339)
A29900	Estimated litigation damages	-	100,000
A30000	Net changes in operating assets and liabilities		
A31125	Contract Assets	(219,718)	(173,811)
A31130	Notes and accounts receivable - non-related parties	55,932	126,328
A31160	Notes and accounts receivable - related parties	(77,708)	32,104
A31180	Other receivables - non-related parties	(33,187)	8,083
A31190	Other receivables - related parties	43	(123)
A31200	Inventories	(400,980)	(2,213,030)
A31240	Other current assets	(15,860)	(64,196)
A31270	Incremental costs of obtaining contracts	(97,787)	(6,427)
A31280	Contract performance costs	517,806	(581,818)
A32125	Contract liabilities	904,661	643,389
A32130	Notes and accounts payable - non related parties	(141,347)	223,015
A32160	Accounts payable - related parties	(33)	37
A32180	Other payables - non-related parties	46,959	(80,176)
A32190	Other payables - related parties	638	(2,749)
A32230	Other current liabilities	26,996	(111,533)
A33000	Cash inflow (outflow) from operating activities	2,562,728	(661,744)
A33500	Income tax paid	(308,152)	(602,194)
AAAA	Cash inflow (outflow) from operating activities, net	<u>2,254,576</u>	<u>(1,263,938)</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(72,065)
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	227,452	92,844

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Code		2023	2022
B00040	Acquisition of financial assets at amortized cost	(\$ 302,039)	(\$ 276,516)
B00050	Disposal of financial assets at amortized cost	-	102,207
B00100	Acquisition of financial assets at fair value through profit or loss	(303,060)	(287,800)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	22,887	25,913
B01800	Acquisition of associates	-	(75,000)
B02700	Acquisition of property, plant and equipment	(8,009)	(5,986)
B03700	Decrease (increase) in refundable deposits	18,866	(37,187)
B04500	Purchase of intangible assets	(188)	(259)
B05400	Acquisition of investment properties	(331,590)	(75,513)
B06800	Decrease in other non-current assets	5,144	12,822
B07500	Interest received	22,605	6,954
B07600	Dividend received	65,208	11,495
BBBB	Cash outflows from investing activities, net	(<u>582,724</u>)	(<u>578,091</u>)
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	151,100	(172,200)
C00500	Increase in short-term notes and bills payable	-	149,265
C01600	Proceeds from long-term borrowings	3,808,728	5,667,200
C01700	Repayments of long-term borrowings	(3,233,668)	(2,002,875)
C03000	Increase (decrease) in guarantee deposit received	888	(90)
C04020	Refund of lease liabilities	(17,384)	(16,305)
C04500	Cash dividends paid	(627,846)	(758,516)
C04900	Treasury shares buyback	-	(71,502)
C05600	Interest paid	(425,799)	(284,449)
C05800	Changes in non-controlling interests	<u>277,203</u>	<u>266,644</u>
CCCC	Net cash flow from (into) financing activities	(<u>66,778</u>)	<u>2,777,172</u>
EEEE	Net increase in cash and cash equivalents	1,605,074	935,143
E00100	Cash and cash equivalents at beginning of year	<u>3,774,411</u>	<u>2,839,268</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 5,379,485</u>	<u>\$ 3,774,411</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman:
Huang, Hsi-Wen

Managerial officers:
Wang, Chun-Chieh

Chief Accounting Officer:
Kao, Ping-Chih

Hi-Yes International Co., Ltd. and its Subsidiaries
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

The Company was established in the Hsinchu Science Park in August 1987 under the name UMAX Computer Corporation. It was renamed UMAX Technologies from July 1, 2004. Its scope of business include the research and development, manufacture and sale of optical reader and related components, multimedia products, personal computers and peripherals, telecommunication products and digital cameras, as well as import and export trading of items relevant to the Company's business and the design and manufacture of the aforementioned products. The resolution of the Company's extraordinary shareholders' meeting on March 26, 2013, amended the Company's Articles of Association and changed the name of the Company to Hi-Yes International Co., Ltd. The scope of business also expanded to include the development, leasing, trading, agency and agency operation, management consulting services, product and landscape design of real estates. The Company's shares have been listed on the Taiwan Stock Exchange ("TSE") since January 5, 1996.

On August 15, 2012 and October 2, 2012, the resolutions to engage in capital reduction to make up for losses and capital increase through the issuance of ordinary shares, and introduce strategic investors with professional experience in real estate development and marketing agency, were passed in the Company's board of directors' meeting and extraordinary shareholders' meeting, respectively, in order to assist the Company in developing new businesses and engaging in diversification, thereby effectively improving the Company's profitability, increasing cash flows from operating activities, and increasing shareholders' equity.

The Consolidated Financial Statements shall be expressed in NT\$, the Company's functional currency.

II. Date and Procedures for Approval of the Financial Statements

The Consolidated Financial Statements were approved by the Board of Directors on March 15, 2024.

III. Application of New and Amended Standards and Interpretations

- (I) Initial application of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC.

The application of the amended IFRS Accounting Standards endorsed and issued into effect by FSC will not cause any material changes in the Group's accounting policies.

- (II) IFRS Accounting Standards endorsed by FSC applied in 2024

<u>New, Amended, and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”	January 1, 2024 (Note 3)

Note 1: The aforementioned new, amended and revised standards or interpretations are effective in the annual reporting period beginning on or after their respective effective dates, unless stated otherwise.

Note 2: A seller-lessee shall retroactively apply the amendments to IFRS 16 to the "Lease Liability in a Sale and Leaseback" signed after the date of initial application of IFRS 16.

Note 3: Exemptions from certain disclosure requirements shall apply at the initial application of the amendments to IFRS 16.

As of the date the accompanying financial statements were authorized for issue, the Group assessed that the abovementioned standards and the amendments of the interpretations would not have a significant impact on the Group's accompanying financial position and financial performance.

(III) Standards issued by International Accounting Standards Board (IASB) but not yet endorsed by FSC

New, Amended, and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: The aforementioned new, amended and revised standards or interpretations are effective in the annual reporting period beginning on or after their respective effective dates, unless stated otherwise.

Note 2: The amendments are applicable for annual reporting periods beginning on or after January 1, 2025. Upon the initial application of the amendments, the impact will be recognized in the retained earnings as of the date of initial application. When a consolidated company uses the non-functional currency as the presentation currency, the impact will be adjusted to the exchange differences of foreign operations under equity as of the date of initial application.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impacts of the relevant amendments to the standards and interpretations on its financial position and financial performance. Any relevant impact will be disclosed when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The Consolidated Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards endorsed and issued into effect by FSC.

(II) Basis of Preparation

Except for the financial assets measured at fair value and the contingent consideration of business combination, these consolidated financial statements are prepared on historical cost basis.

The fair value measurement is classified into three levels based on the observability and importance of related input:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. deduced from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) The classification criteria for assets and liabilities whether are current or non-current

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (but excluding those are restricted and used for exchange or settlement of liabilities over 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities to be settled within 12 months after the balance sheet date; and
3. Liabilities whose payment period cannot be unconditionally deferred to at least 12 months after the balance sheet date.

Assets or liabilities that are not current assets or current liabilities are classified as non-current assets or non-current liabilities.

The Group engaged in construction projects with an operating cycle longer than one year. Therefore, assets and liabilities related to construction business shall be classified as current or non-current according to the operating cycle.

(IV) Basis of consolidation

Consolidated Financial Reports contain the financial reports of the Company and the individuals (subsidiaries) controlled by the Company. The financial reports of

subsidiaries have been adjusted to bring their accounting policies in line with those of the Group. All transactions, account balances, gains and losses between individuals have been written off at the time of the preparation of the consolidated financial statements. The total comprehensive income of subsidiaries is attributable to the owner of the company and non-controlling interests, even though the non-controlling interests therefore become a loss balance.

If the change in the ownership interest of a subsidiary does not result in the loss of control, the Group accounts for it as an equity transaction. The carrying amount of the Group and non-controlling interests have been adjusted to reflect changes in their relative equity in the subsidiaries. The difference between the amount of adjustment of the non-controlling interest and the fair value of the consideration paid or received shall be directly recognized as equity and attributable to the owner of the Company.

Please refer to Note 11 and Table 7 for details, shareholding ratio, and business scope of subsidiaries.

(V) Business combination

Business combination shall be accounted for using acquisition method. Costs in connection with acquisition are expensed in the period when they are incurred and services are received.

Goodwill is recognized at the excess of the sum of the fair value of the consideration transferred and the fair value of the equity of an investee held by an investor on acquisition date prior to the acquisition, over the net identifiable assets and liabilities assumed on the acquisition date.

Non-controlling interest with which an investor can have owner's equity currently in an investee, and collect the net assets attributable to an investee based on the ratio upon liquidation, shall be measured at the ratio in the recognized amount of the net identifiable assets of the investee.

In respect of the business combination completed by stages, the equity in the investee held previously will be remeasured at the fair value on the acquisition date. Any profit or loss incurred will be recognized in profit or loss.

(VI) Foreign currency

When preparing the financial reports, where transactions are conducted in currencies other than the individual's functional currency (foreign currency), it shall be accounted for by converting into the functional currency at the exchange rate of the trading day.

Monetary items in foreign currency are converted at the closing rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items shall be recognized as profit and loss in the current period of occurrence.

Non-monetary items in foreign currency measured at fair value shall be converted at the exchange rate on the day when the fair value is determined, and the exchange difference arising therefrom shall be recognized as profit and loss of the current period, provided that, where changes in fair value are recognized as other comprehensive income, the exchange difference arising therefrom shall be recognized in other comprehensive income.

Non-monetary items in foreign currency measured at historical cost shall be converted at the exchange rate of the trading day and shall not be re-converted.

(VII) Inventories

Inventories include buildings and land held for sale, properties under development, land held for construction, land prepayments, and prepayments for volume transfer. Inventories are measured at cost and net realized value, whichever is lower. Costs include capitalization costs of the necessary expenditures and borrowings incurred in bringing them to the place and condition where they are available for use. Net realizable value refers to the balance of the estimated selling price under normal business operation minus the estimated costs required for completion and the estimated costs required for completion of the sale.

Properties under development

The Group adopts the mode of self-construction for its own land or joint construction with the landlord and sell separately for the properties under development. Properties under development refer that the cost of construction works that have occurred but have not been completed, are recognized as operating costs in the current year according to income approach, available building area ratio approach or assessed present value approach when the land

sold meets the income recognition requirements after the completion of construction works, and the land and premises for sale are recognized as properties for sale.

Lands held for construction

Lands held for construction refer to the lands available for construction that are recognized as properties under development upon the active acquisition of a construction permit for the land. Net realizable value of properties under development is based on the prevailing market conditions estimated by authorities.

(VIII) Investment in associates

An associate refers to an enterprise that the Group has significant influence on but is not a subsidiary or joint venture.

The Group adopts the equity method for investment in associates.

Under the equity method, the investment in associates is initially recognized at cost, and the carrying amount after the date of acquisition is increased or decreased according to the Group's share of profit and loss of associates and other comprehensive income and the distribution of profits. In addition, equity changes in associates are recognized based on the shareholding ratio.

The amount of the acquisition cost in excess of the Group's share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date shall be recognized as goodwill, which shall be included in the carrying amount of the investment and shall not be amortized; while the amount of the Group's share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date in excess of the acquisition cost shall be recognized as the current profit and loss.

When an associate issues new shares, if the Group fails to subscribe in proportion to its shareholding ratio, resulting in a change in the shareholding ratio and a consequent increase or decrease in the net equity invested, the increase or decrease shall be adjusted to the capital reserves - changes in the net equity of the associate and investments using the equity method. However, if the ownership interest in the associate is decreased due to the failure to subscribe or acquire the shares in proportion, the amount recognized in other comprehensive income related to the associate shall be reclassified according to the decrease proportion, and basis of its accounting treatment shall be the same as the basis that the associate must follow if it directly dispose of the related assets or

liabilities. If the capital surplus shall be debited for the adjustment mentioned in the preceding paragraph and the balance of the capital reserves resulting from the investment using the equity method is insufficient, the balance shall be debited to the retained earnings.

When the Group's share of the loss of an associate is equal to or greater than its equity in such associate (including the carrying amount of the associate under the equity method and other long-term equity which are substantially part of the Company's net investment in the associate), the Group shall cease to recognize further loss. The Group shall recognize additional losses and liabilities only to the extent that statutory obligations, constructive obligations or payments have been made on behalf of associates.

In the evaluation of impairment, the Group shall treat the total carrying amount (including goodwill) of the investment as a single asset to compare the recoverable amount with the carrying amount and conduct impairment test. The recognized impairment loss shall not be apportioned to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of the impairment loss shall be recognized to the extent of any subsequent increase in the recoverable amount of the investment.

The Group shall discontinue the use of the equity method from the date when its investment ceases to be an associate. The retained interest of the Company in the former associate shall be measured at fair value, and the difference between the fair value and the disposal price and the carrying amount of the investment at the date the equity method was discontinued shall be included in the profit and loss of the current period. In addition, the Company shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities.

The gains or losses arising from the upstream transactions between the Group and its associates shall be recognized in the consolidated financial reports only to the extent of unrelated interests of the Group in its associate.

(IX) Property, plant and equipment

Property, plant and equipment shall be recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment shall be depreciated separately on a straight-line basis over their useful life for each significant part. The Group shall review the estimated useful life, residual value and depreciation method at least at each financial year-end, and shall prospectively apply the effects of changes in accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of such assets shall be recognized as profit and loss.

(X) Investment properties

Investment properties are the properties held for earning rent or capital appreciation or both (including the properties under construction that conform to the definition of investment properties and right-of-use assets). Investment properties also include the land held for undetermined future usage during the period.

Investment properties acquired through lease (including the cost of lease liabilities, lease payment prior to the lease, direct original cost and estimated cost of restoration assets, less lease incentives collected) are measured at cost, and will be subsequently measured at cost less accumulated depreciation and accumulated losses, and adjusted based on lease liabilities.

Investment properties under construction are recognized at cost less accumulated loss. Cost includes professional service expenses and borrowing cost that conforms to conditions of capitalization. Such assets will be depreciated once they are under intended status.

When investment properties are derecognized, the difference between the net disposal and the carrying amount of such assets will be recognized.

(XI) Goodwill

Goodwill acquired through M&A uses the goodwill value recognized on the M&A day as the cost, subsequently measured by cost deducting accrued impairment loss.

For purposes of impairment test, the goodwill shares to the Group benefits cash generation unit or its group due to integrative M&A effect (hereinafter referred to as the "cash generation unit").

The cash generation unit shared with the goodwill conducts impairment test through comparison between its carrying amount containing goodwill and recoverable value every year (and the time with sign showing potential impairment). If the goodwill with such shares was acquired by corporate M&A, then, the unit should conduct impairment test at end of the year. If the recoverable amount of the cash generation unit with shared goodwill is less than its carrying amount, firstly, the loss deducts the carrying amount with shared goodwill, second, decrease the carrying amount of each asset with respect of the proportion in the unit. Any impairment loss is recognized directly as a loss of the current period, and goodwill impairment loss may not be reversed subsequently.

The disposal of profit/loss is defined by including disposal related goodwill value during operation of the cash generation unit with goodwill shares.

(XII) Intangible assets

Intangible assets with limited useful life acquired separately shall be initially measured at cost, and subsequently measured at cost minus accumulated amortization and accumulated impairment losses. Intangible assets shall be amortized on a straight-line basis over their useful life. The Group shall review the estimated useful life, residual value and amortization method at least at each financial year-end, and shall prospectively apply the effects of changes in accounting estimates.

When an intangible asset is derecognized, the difference between the net disposal price and the carrying amount of such asset shall be recognized as the profit and loss of the current period.

(XIII) Contract cost-related assets

The sales commission of the property sales employee shall be incurred upon the acquisition of the customer contract and, shall be recognized as the incremental

cost of the acquisition to the extent of the recoverable amount, and shall be written off upon completion of the property and delivered to the customer.

Expenses directly related to a contract with customer that result in resources that will be used in the future to meet performance obligations shall be recognized as performance costs to the extent of the recoverable amount, and shall be amortized over the term of the contract at the sales ratio.

(XIV) Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets and assets related to contract costs

On each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment property and intangible assets to determine whether there is any indication that those assets (excluding goodwill) have suffered an impairment loss. and estimate the recoverable amount of the asset if any impairment indication. Where it is not possible to estimate the recoverable amount of an individual asset, the Group shall estimate the recoverable amount of the cash generating unit to which the asset belongs. Common assets shall be apportioned to the smallest group of cash generating units on a reasonable consistent basis.

The recoverable amount shall be the fair value minus the cost of sale or its use value, whichever is higher. If the recoverable amount of an individual asset or cash generating unit is lower than the carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, and the impairment loss shall be recognized as profit and loss.

The inventory, property, plant and equipment, and intangible assets recognized from the contract with customer shall be initially recognized as impairment according to the provisions on the impairment of inventory and the aforesaid provisions, and be subsequently recognized as losses at the carrying amount of the contract cost-related assets less the remaining consideration expected to be collected for rendering of goods or services deducting direct related costs. the carrying amount of the contract cost-related assets shall be included in the cash generating unit for the impairment assessment of the cash generating unit.

In the event of a subsequent reversal of the impairment loss, the carrying amount of the asset or cash generating unit shall be increased to the revised recoverable amount, provided that the carrying amount increased shall not exceed the carrying amount determined if the impairment loss had not been recognized for

the asset or cash generating unit in the previous year (less amortization or depreciation). The reversal of the impairment loss shall be recognized as profit and loss.

(XV) Financial instruments

The financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the terms and conditions of contract on the instrument.

When a financial asset or financial liability is initially recognized, and is not measured at fair value through profit or loss, it shall be measured at fair value plus the transaction costs directly attributable to the acquisition or issuance of such financial asset or financial liability. Transaction costs directly attributable to the acquisition or issuance of the financial asset or financial liability measured at fair value through profit and loss shall be immediately recognized as profit and loss.

1. Financial assets

Conventional transactions of financial assets shall be recognized and derecognized by the trade-date accounting.

(1) Type of measurement

Financial assets held by the Group include financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, and equity instrument investments in measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss refer to the financial assets measured at fair value through profit or loss mandatorily including investments in equity instruments that are not specified to be measured at fair value through other comprehensive income, and investments in debt instruments that do not qualify as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets at FVTPL are measured at fair value, with the generated dividends and interest recognized in other income and interest income respectively, and with the profits or losses arising from re-measurement are recognized in other profits and losses.

Please refer to Note 21 for the method of determining the fair value.

B. Financial assets at amortized cost

A financial asset invested by the Group shall be classified as financial asset at amortized cost if both of the following conditions are met:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, pledged certificates of deposit, pledged and mortgage deposits, notes and accounts receivables, other receivables, and refundable deposits), after initial recognition, are measured at the amortized cost of gross carrying amount as determined by the effective interest method less any impairment loss. Any gains and losses on foreign currency exchange are recognized as profit and loss.

Interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. Purchased or originated credit-impaired financial assets.
Interest revenue shall be calculated by applying the credit-adjusted effective interest rate to the amortized cost of financial assets.
- b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. Interest revenue shall be calculated by applying the effective interest rate to the amortized cost of financial assets from the next reporting period after the impairment.

Credit-impaired financial assets refers that the issuer or debtor has suffered from significant financial difficulties or a breach of contract, the debtor is likely to enter bankruptcy or other financial reorganization, or the active market for financial assets has disappeared because of financial difficulties.

C. Investments in equity instruments measured at FVTOCI

At the time of the initial recognition, the Group may, make an irrevocable option to designate investments in equity instruments that are not held for trading and are not recognized as contingent consideration by the acquirer of the combined business to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. At the time of investment disposal, accumulated gains and losses shall be transferred directly to retained earnings and shall not be reclassified as gains and losses.

Dividends on investments in equity instruments measured at fair value through other comprehensive income shall be recognized in the profit and loss when the right to receive payments from the Group is established, unless the dividends clearly represent the recovery of part of the investment cost.

(2) Impairment of financial assets and contractual assets

On each balance sheet date, the Group shall evaluate the impairment loss on financial assets (including notes receivable and accounts receivable) and contract assets measured at amortized cost according to the expected credit loss.

The Company shall recognize the loss allowance for notes and accounts receivable and contract assets according to the lifetime expected credit loss. For other financial assets, the Company shall first evaluate whether the credit risk has significantly increased since the initial recognition. If it has not significantly increased, the loss allowance shall be recognized according to the 12 months expected credit loss; if it has

significantly increased, the loss allowance shall be recognized according to the lifetime expected credit loss.

Expected credit loss is a weighted average of credit losses with the respective risks of a default occurring as the weights. The 12 month expected credit losses represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date, while the lifetime expected credit losses represent the expected credit losses that result from all the possible default events on a financial instrument.

For the purposes of internal credit risk management, the Group, without considering the collateral it holds, determines that the following circumstances represent a default on a financial asset:

- A. There is internal or external information indicating that it is impossible for the debtor to repay the debt.
- B. It is more than 90 days overdue, unless there is reasonable and verifiable information to show that the deferred default basis is more appropriate.

The impairment loss of all financial assets is the reduction of the carrying amount of the allowance account, without decreasing its carrying amount.

(3) Derecognition of financial assets

The Group shall derecognize a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and virtually has transferred all the risks and rewards of the ownership of the asset to another enterprise.

When a financial asset measured at amortized cost is derecognized as a whole, the difference between its carrying amount and the consideration received shall be recognized as profit and loss. When the investment in equity instruments measured at fair value through other comprehensive income is derecognized as a whole, the accumulated profit and loss shall be directly transferred to the retained earnings and shall not be reclassified as profit and loss.

2. Equity instruments

Equity instruments issued by the Group are recognized at the acquisition price less direct issue costs.

Reacquiring the Company's own equity instruments is recognized and deducted under equity items. Its carrying amount is calculated based on the weighted average of the stock types. The purchase, sale, issue or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) shall be recognized as profit and loss.

(XVI) Recognition of revenue

After the performance obligations are identified in the customer contract, the Group shall apportion the transaction price among the performance obligations and recognize the revenue when the performance obligations are fulfilled.

Service revenue

Service revenue is the income generated by rendering of services under a contract and shall be recognized according to the degree of completion of the contract. The degree of completion of a contract is determined by the services performed to date as a percentage of the total services to be performed. If the retention money withheld by the customer in accordance with the terms of the contract aims at ensuring the fulfillment of all contractual obligations by the Group, it shall be regarded as a contract asset prior to the performance of contract by the Group.

Revenue from sales of buildings and land

Revenue from sales of buildings and land is the revenue generated from the development and sale of residential real estate, which is recognized when the legal title of the real estate is transferred to the customer. For the contracted sales of residential contracts, subject to the commercial practice, the real property has

no other use for the Company, but until the legal ownership of the real property is transferred to the customer, the Company has an freely enforceable right to the contractual amount and therefore revenue is recognized when ownership are transferred to the customer. The pre-sale housing and land payment received in installments according to the terms of the contract is recognized as a contract liability before the Group completes the performance of the contract.

(XVII) Leases

The Group evaluates whether a contract is (or includes) a lease on the contract establishment date.

1. The Group acts as the lessor

When, in the terms of a lease, almost all the risks and rewards attached to the ownership of the asset are transferred to the lessee, the lease shall be classified as financial lease. All other leases shall be classified as operating leases.

Under an operating lease, lease payments excluding lease incentives shall be recognized as income on a straight-line basis over the relevant lease term. The initial direct costs arising from the acquisition of the operating lease are the carrying amount added to the underlying asset and shall be recognized as expenses on a straight-line basis over the lease term.

2. The Group acts as the lessee

Except for the leases of the low-value underlying assets for which the recognition exemption is applicable and the lease payments for short-term leases shall be recognized as expenses on a straight-line basis over the lease term, all other leases shall be recognized as right to use assets and lease liabilities on the commencement date of the lease.

Investment properties acquired through lease (including the cost of lease liabilities, lease payment prior to the lease, direct original cost and estimated cost of restoration assets, less lease incentives collected) are measured at cost, and will be subsequently measured at cost less accumulated depreciation and accumulated losses, and adjusted based on lease liabilities. Right-of-use assets shall be expressed separately in the balance sheet except for those meet the definition of investment properties. For the recognition and measurement of right-of-use asset as defined for investment properties, please refer to (10) Investment Properties Accounting Policy.

The right to use assets shall be depreciated on a straight line basis from the commencement date of the lease to the expiration of the service life of the use right assets or the expiration of the lease term, whichever is earlier.

Lease liabilities shall be initially measured as the present value of lease payments (including fixed payments, and variable lease payments based on an index or a rate). If the implied interest rate on the lease is easy to determine, the lease payment shall be discounted using such interest rate. If the interest rate is not easy to determine, the lessee incremental borrowing rate shall be applied.

Subsequently, the lease liabilities shall be measured at amortized cost by using the effective interest method and the interest expense shall be apportioned over the lease term. If changes in the lease period or the index or rate used to determine the lease payment result in changes in the future lease payment, the Group shall re-measure the lease liability and adjust the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the amount of remaining remeasurement is recognized in profit or loss. Lease liabilities shall be expressed separately in the balance sheet.

(XVIII) Borrowing costs

The borrowing costs of acquiring, constructing or producing an asset that meets the requirements is part of the cost of the asset until nearly all the activities necessary for the asset to be in a state for intended use or sale have been completed.

The investment income derived from the temporary investment of certain borrowings prior to the occurrence of capital expenditure meeting the requirements shall be deducted from the borrowing costs eligible for capitalization.

In addition to the above, all other borrowing costs shall be recognized as profit and loss in the current period.

(XIX) Employees' benefits

1. Short-term employee benefits

Short-term employee benefit-related liabilities shall be measured at non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The pension to be allocated of defined contribution pension plan shall be recognized as expenses during the period of service provided by the employee.

(XX) Income tax

Income tax expenses are the sum of current income tax and deferred income tax.

1. Current tax

The additional income tax on undistributed earnings calculated in accordance with the Income Tax Act of the Republic of China shall be recognized in the year of the resolution of the shareholders' meeting.

The adjustment of income tax payable in previous years shall be included in the current income tax.

2. Deferred income tax

Deferred income tax shall be calculated based on the temporary difference between the carrying amount of assets and liabilities accounted and the tax basis for calculating taxable income.

Deferred income tax liabilities shall be generally recognized for all taxable temporary differences, whereas deferred income tax assets shall be recognized when it is probably that tax income will be available for the income tax credits resulting from expenditures such as deductible temporary differences.

Taxable temporary differences related to investment subsidiaries shall be recognized as deferred income tax liabilities, except when the Group can control the reversal of the temporary differences and it is likely that such temporary differences will not be reversed in the foreseeable future. Temporary differences in relation to such investments shall be recognized as deferred income tax assets only when it is likely that there will be sufficient taxable income to realize the temporary differences, and to the extent of the expected reversal in the foreseeable future.

The carrying amount of the deferred income tax assets shall be reviewed at each balance sheet date and the carrying amount shall be reduced in cases where it is no longer likely that sufficient taxable income will be available to recover all or part of the assets. Where it is not previously recognized as deferred income tax assets, it shall be reviewed at each balance sheet date, and the carrying amount shall be increased in cases where it is likely that taxable income will be available in the future to recover all or part of the assets.

Deferred income tax assets and tax rate for the liquidation of accrued liabilities or the realization of assets in the current period, which is based on the tax rate and tax law enacted or substantially enacted at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the way in which the Group expects to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred income taxes

Current and deferred income taxes shall be recognized in profit and loss, while the current and deferred income taxes related to items recognized in other comprehensive income or directly recognized in equity shall be recognized in other comprehensive income or directly recognized in equity respectively.

V. Significant accounting judgments and assumptions, and major sources of estimation uncertainty

When the Group adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for relevant information that are not readily available from other sources. Actual results may differ from original estimates.

Accrued impairment of land held for construction and properties under development

The carrying amount of land held for construction and properties under development is significant to the overall financial statements. Where there is indication of impairment on the land held for construction and properties under development, it shall be assessed on the basis of the recoverable amount (i.e. The fair value of such assets less the cost of sale or its use value, whichever is higher). Changes in market prices or future cash flows will

affect the recoverable amount of such assets, which may result that the Group has to recognize additional impairment losses or reverse the recognized impairment losses.

VI. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Checking accounts and demand deposits	\$ 5,359,765	\$ 3,725,481
Cash on hand	19,720	18,930
Cash equivalents		
Time deposits with original maturity date within 3 months	-	30,000
	<u>\$ 5,379,485</u>	<u>\$ 3,774,411</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Domestic listed (OTC) stocks and Emerging stocks	\$ 290,283	\$ 13,560
Domestic listed private placement stocks	477,161	225,290
Domestic unlisted (non-OTC) stocks	-	3,981
Co-investment equity jointly held (Note)	247,423	156,918
Investment in debt instruments	12,872	12,657
Fund beneficiary certificates	19,993	6,158
Convertible corporate bonds	10,000	-
	<u>\$ 1,057,732</u>	<u>\$ 418,564</u>

Note: To create operational efficiencies in the core business, the consolidated company participates in a joint venture with a construction company to jointly invest in the construction of the following:

- (1) The Group participated in the investment of Construction Company A in the construction project in Dunhua section of Songshan District, Taipei (hereinafter referred to as the project (1)) and signed a joint investment and construction agreement with Construction Company A, with the rights and responsibilities divided into 80% for Construction Company A and 20% for the Group. The owner who purchased the land of the project registered in the name of A Company, while A Company would be responsible for the application, filings and decision processes in connection with the project, and the execution of the related contracts. In the future, the project will be developed and designed comprehensively by A Company to build houses.

Both parties agreed to sell these houses on behalf of the Group. The Group does not exercise control or significant influence over the activities related to Project (1). Therefore, it has chosen to designate these investments as measured at fair value through profit or loss.

- (2) The Group participates in an investment project (referred to as Project (2)) with Company B in the Xinhe Segment of Zhonghe District, New Taipei City. A joint investment agreement has been signed with Company B, and the Group is entitled to a 5% profit distribution. In the future, Company B will be responsible for the overall development plan and architectural design for residential construction within Project (2). The Group does not exercise control or significant influence over the activities related to Project (2). Therefore, it has chosen to designate these investments as measured at fair value through profit or loss.

Please refer to Note 23 for information on the pledging properties as guarantees for borrowings.

VIII. Financial assets at fair value through other comprehensive income — non-current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Investment in equity instruments</u>		
Domestic listed (OTC) stocks and		
Emerging stocks	\$ 8,237	\$ 111,215
Domestic listed private placement		
stocks	364,236	175,260
Domestic unlisted (non-OTC)		
stocks	<u>267,645</u>	<u>352,491</u>
	<u>\$ 640,118</u>	<u>\$ 638,966</u>

The Group invests in the above investments for medium-term and long-term strategies and expects to make profits through the long-term investments. The management of the Group considers that the inclusion of short-term fluctuations in the fair value of such investments in the profit and loss is inconsistent with the foregoing long-term investment plan, and therefore chooses to designate such investments as measured at fair value through other comprehensive income.

Please refer to Note 23 for information on the pledging properties as guarantees for borrowings.

IX. Notes and accounts receivables, and long-term receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes and accounts receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 1,281,896	\$ 1,260,120
Less: Allowance for loss	(<u>13,611</u>)	(<u>7,985</u>)
	<u>\$ 1,268,285</u>	<u>\$ 1,252,135</u>

(I) Notes and accounts receivables

The average credit period for the Group's rendering of services was 90 days. The Group recognizes loss allowance for notes and accounts receivable in accordance with lifetime expected credit loss. Lifetime expected credit losses are calculated based on the provision matrix which accounts for the customer's past default records, current financial position, and economic conditions in the industry. GDP forecasts and the outlook of the industry are also considered. Since the Group's historical experience of credit loss indicates no significant difference in the loss patterns between the various customer segments, the Group does not classify customers into different segments but determines the expected credit loss rate based on the overdue days of notes and accounts receivable.

The Group writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For notes and accounts receivable that has been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Analysis of loss allowance for notes and accounts receivable based on the provisional matrix is as follows:

December 31, 2023

	<u>Not past due</u>	<u>Overdue 1 to 90 days</u>	<u>Overdue 91 to 120 days</u>	<u>Overdue 121 to 180 days</u>	<u>Over 180 days past due</u>	<u>Total</u>
Total carrying amount	\$1,063,537	\$ 131,739	\$ 24,704	\$ 4,056	\$ 57,860	\$1,281,896
Allowance for loss	(<u>796</u>)	(<u>1,442</u>)	(<u>1,509</u>)	(<u>231</u>)	(<u>9,633</u>)	(<u>13,611</u>)
Amortized cost	<u>\$1,062,741</u>	<u>\$ 130,297</u>	<u>\$ 23,195</u>	<u>\$ 3,825</u>	<u>\$ 48,227</u>	<u>\$1,268,285</u>

December 31, 2022

	<u>Not past due</u>	<u>Overdue 1 to 90 days</u>	<u>Overdue 91 to 120 days</u>	<u>Overdue 121 to 180 days</u>	<u>Over 180 days past due</u>	<u>Total</u>
Total carrying amount	\$ 959,628	\$ 234,552	\$ 47,121	\$ 2,662	\$ 16,157	\$1,260,120
Allowance for loss	(695)	(2,773)	(1,629)	(15)	(2,873)	(7,985)
Amortized cost	<u>\$ 958,933</u>	<u>\$ 231,779</u>	<u>\$ 45,492</u>	<u>\$ 2,647</u>	<u>\$ 13,284</u>	<u>\$1,252,135</u>

Changes in loss allowance for notes and accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 7,985	\$ 5,218
Add: Impairment loss recognized for the year	<u>5,626</u>	<u>2,767</u>
Ending balance	<u>\$ 13,611</u>	<u>\$ 7,985</u>

(II) Long-Term receivables

The long-term receivable on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
UMAX SYSTEMS GmbH (Germany)	\$ 138,938	\$ 138,938
Less: Allowance for loss	<u>138,938</u>	<u>138,938</u>
Net balance	<u>\$ -</u>	<u>\$ -</u>

The movements of the loss allowance of long-term receivables were as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 138,938	\$ 156,904
Less: Reversal on impairment loss for the year	<u>-</u>	<u>(17,966)</u>
Ending balance	<u>\$ 138,938</u>	<u>\$ 138,938</u>

In December 2009, the Group appointed a lawyer to file a claim settlement lawsuit against UMAX SYSTEMS GmbH (Germany) (USG Corporation)'s long-term receivable amounted to NT\$156,904 thousand. Also, in July 2010, a judgment was received from the German local court in favor of the lawsuit. USG Company gave up appealing against the aforementioned judgment, so the Company appointed a lawyer to initiate a compulsory enforcement procedure on the assets of USG Company to the court. The local court in Germany will enforce the debt settlement against USG in accordance with the law. However, if USG's assets are insufficient to pay off its debts, USG will about to filing for bankruptcy. In this case, the court will equally distribute the remaining property to the creditors based on the proportion of creditors' claims on USG. Due to it is difficult to reasonably estimate the recoverable amount of creditor's rights that can be liquidated, all of

the above-mentioned accounts was recorded as the bad debt loss in 2010 based on the principle of prudence and conservatism.

After the enforcement against USG's property, the Group obtained part of the amount of EUR1,123 thousand (approximately NT\$43,346 thousand) in January 2011. According to the Bankruptcy Code of Germany, if the Group knows that USG is in bankruptcy when it initiates compulsory enforcement execution, the bankruptcy administrator can request the Company to return the money it has obtained. In July 2010, USG obtained the judgment of the local court in Germany and lost the case. The Company also proposed compulsory enforcement procedures. USG then filed a bankruptcy application to the court in Germany in January 2011. According to the law, the bankruptcy administrator can file a lawsuit against the Company in the local court in Germany within 3 years. After winning the case in the local court in Germany, the Company will be requested for the return of the money obtained from the enforcement.

In addition, the court in Germany started the tentative bankruptcy procedure (*vorläufige Insolvenzverwaltung*) of USG in January 2011. The Group also declared the debt in April 2011 on the balance of the original account receivable amounted to EUR3,428 thousand (approximately NT\$156,904 thousand) deducting the aforementioned distribution of EUR1,123 thousand in a favor of USG's bankruptcy administrator to prepare a creditor's rights statement as a basis for subsequent distribution. According to the assessment of the bankruptcy administrator's report, the amount that the Group can be repaid when participating in the distribution of bankruptcy claims in June 2011 should exceed the currently allocated distribution of EUR1,123 thousand due to the compulsory enforcement based on the original accounts receivable of EUR3,428 thousand. Therefore, 43,346 thousand of gain on bad debt recovery were recognized in 2011 based on the amounts.

In December 2012, the Group received a request from the local court in Germany to return the originally allocated distribution of EUR1,123 thousand due to the compulsory enforcement. Also, in June 2014, the judgment of the first instance was obtained which was lost. The full amount of the above amount was set aside as allowance of bad debt based on the principle of prudence. Also, a lawyer was appointed to appeal in the second instance. Subsequently, the appeal was

withdrawn in April 2015, and the related money was returned. The assets that can be distributed in the future were to be notified by the bankruptcy administrator. In the end, the Group was allocated NT\$17,966 thousand of the remaining creditor's rights in November 2022, so the gain on reversal of expected credit loss was recognized.

X. Inventories (applicable to the construction industry)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Lands held for construction</u>		
Fengming section, Yingge (3)	\$ -	\$ 234,240
Fuqian section, Tainan	649,772	675,504
Xinbei section, Tainan (1)	498,091	486,738
Xinbei section, Tainan (3)	128,783	178,640
Xin-xing section, Banqiao	747,694	695,908
Jhenfu section, Taichung	-	634,626
Huwei Liao section, Tainan	235,657	235,657
Houbitian section, Kaohsiung(2)	325,145	307,080
Daan section, Tucheng	-	283,157
Xinbei section, Tainan (4) - Volume transfer land	256,822	138,574
Letian section, Taichung - Volume transfer land	145,068	145,068
Letian section, Taichung	683,954	-
<u>Properties under development</u>		
Xinhua section, Xinzhuang	1,120,244	882,159
Chuangyan section, Taichung	-	1,674,603
Nangang section, Taipei	744,057	642,768
Xinzhi section, Xinzhuang	916,322	737,211
Fengming section, Yingge (2)	38,645	37,706
Laicuobu section, Taichung	865,230	747,752
Dunhua section, Taipei	873,562	815,917
Pingtian section, Taichung	1,036,109	796,986
Ping Shih section, Tainan	25,431	21,403
Tung Hsing section, Tainan	-	429
Xinbei section, Tainan (2)	845,010	692,336
Taichung New High Speed Rail Section	900,112	858,551
Houbitian section, Kaohsiung(1)	255,579	98,930
Huilaiquo Section, Taichung	479,074	431,564
Kegong section, Tainan	103	-
Fengming section, Yingge (3)	332,816	-
Daan section, Tucheng	312,051	-
Jhenfu section, Taichung	654,642	-

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	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Buildings and land held for sale</u>		
Chuangyan section, Taichung	\$ 247,166	\$ -
<u>Prepayments for land</u>		
Letian section, Taichung	-	129,624
<u>Prepayments for volume transfer</u>		
Jhenfu section, Taichung – monetary substitution of volume transfer	161,129	161,129
Fengming section, Yingge (3) – monetary substitution of volume transfer	-	57,170
Houbitian section, Kaohsiung(1) – monetary substitution of volume transfer	-	9,467
	<u>\$ 13,478,268</u>	<u>\$ 12,810,897</u>

- (I) The above construction sites were acquired for residential development.
- (II) In order to ensure the smooth completion of construction project, delivery of housing units and compliance with the performance guarantee provisions of the trust, the Group will proceed with the trust deed for properties under construction. As of December 31, 2023, the projects with signed and not yet terminated trust deed and the types of trust deed signed are summarized as follow:

<u>Name of project</u>	<u>Type of trust</u>	<u>Trust Bank</u>
Xinhua section, Xinzhuang	Real estate development trust	Mega International Commercial Bank
Nangang section, Taipei	Real estate development trust	Taiwan Cooperative Bank
Xinzhi section, Xinzhuang	Real estate development trust	Bank SinoPac
Fengming section, Yingge (2)	Real estate development trust	Land Bank of Taiwan
Dunhua section, Taipei	Real estate development trust	Taishin International Commercial Bank
Laicuobu section, Taichung	Real estate development trust	Chang Hwa Commercial Bank
Pingtian section, Taichung	Real estate development trust	Hua Nan Bank
Taichung New High Speed Rail Section	Real estate development trust	Taiwan Cooperative Bank
Xinbei section, Tainan (2)	Real estate development trust	Bank SinoPac

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Name of project	Type of trust	Trust Bank
Huilaicuo Section, Taichung	Real estate development trust	Land Bank of Taiwan
Houbitian section, Kaohsiung(1)	Charitable Trust	DBS Bank
Fengming section, Yingge (3)	Real estate development trust	Taiwan Cooperative Bank
Daan section, Tucheng	Real estate development trust	ChinaTrust Commercial Bank
Jhenfu section, Taichung	Real estate development trust	Land Bank of Taiwan

The Group commissioned the trustee to carry out fund management, property management, the payment of financing borrowings, necessary expenses incurred due to the trust and various taxes.

- (III) The prepayments for land above were for the land contract payments for future operations and property development sales plan of the Group.
- (IV) Please refer to Note 23 for information on the pledging properties as guarantees for borrowings.

XI. Subsidiary

(I) Subsidiaries included in consolidated financial statements

The entities of the consolidated financial statements are as follows:

Name of Investor	Name of subsidiaries	Business activities	Percentage of equity held		Description
			December 31, 2023	December 31, 2022	
The Company	Hi-Yes Construction Co., Ltd.	Property trading and leasing as well as office complex development and leasing	100%	100%	1
	Haixia Construction Co., Ltd.	Property trading and leasing as well as office complex development and leasing	100%	100%	2
	Haixin International Co., Ltd.	Property trading and leasing as well as office complex development and leasing	85%	85%	-
	Haiyan Construction Co., Ltd.	Development and leasing of residences and office complexes	70%	70%	-
	Haiju Development Co., Ltd.	Property trading and leasing as well as office complex development and leasing	85%	85%	-
	Haihui Construction Co., Ltd.	Development and leasing of residences and office complexes	100%	100%	-
	Hiyu International Co., Ltd.	Property trading and leasing as well as office complex development and leasing	85%	85%	-
	NanYue Construction Co., Ltd.	Development and leasing of residences and office complexes	75%	75%	3
	Jin Yutai Co., Ltd.	Operation of urban renewal and reconstruction business and residential houses, and development and lease of buildings	56.23%	53.58%	4
Haixia Construction Co., Ltd.	Yueda Construction Co., Ltd.	Development and leasing of residences and office complexes	55%	55%	-

Note:

1. The Group increased the cash capital amounted to NT\$100,000 thousand and NT\$600,000 thousand to Hi-Yes Construction Co., Ltd. in 2023 and 2022, respectively, and the shareholding ratio remains unchanged after the capital increase.
2. The Group increased the cash capital amounted to NT\$110,000 thousand to Haixia Construction Co., Ltd. in November 2022, and the shareholding ratio remains unchanged after the capital increase.
3. The Group increased the cash capital amounted to NT\$30,000 thousand to NanYue Construction Co., Ltd. in April 2022, and the shareholding ratio remains unchanged after the capital increase.
4. The Group increased the cash capital amounted to NT\$506,973 thousand and NT\$348,255 thousand to Jin Yutai Co., Ltd. in 2023 and 2022, and the total shareholding ratio was 56.23% after the capital increase.

(II) Subsidiaries not included in consolidated financial statements: None.

XII. Investments Using the Equity Method

Investment in associates

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates not individually significant		
JP Vendome Co., Ltd.	\$ 4,289	\$ 4,289
Liansheng Investment Co., Ltd.	74,323	73,560
Hongsheng Real Estate Co., Ltd.	33,163	33,160
Shenghua Development Co., Ltd.	60,000	60,000
Smart Built Construction Technology Co., Ltd.	<u>56,191</u>	<u>54,951</u>
	<u>\$ 227,966</u>	<u>\$ 225,960</u>
	Percentage of ownership interest and voting rights	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates not individually significant		
JP Vendome Co., Ltd.	30%	30%
Liansheng Investment Co., Ltd.	20%	20%
Hongsheng Real Estate Co., Ltd.	32%	32%
Shenghua Development Co., Ltd.	20%	20%
Smart Built Construction Technology Co., Ltd.	30%	30%

Please refer to Table 7 for information on the nature of business, main place of business, and country of company registry of the associates above.

The share of profits and losses and other comprehensive income enjoyed by the associates and the Group using the equity method in 2023 and 2022 shall be recognized according to the financial reports of each subsidiary audited by the CPAs for the same period. However, the management of the Group considers that the financial reports of the invested companies have not been audited by the CPAs, thus there is no significant impact.

XIII. Investment properties

	Investment properties under construction	Right-of-use assets	Total
<u>Cost</u>			
Balance as of January 1, 2023	\$ 341,856	\$ 4,373,307	\$ 4,715,163
Construction costs incurred by investment properties under construction	331,590	-	331,590
From right-of-use assets	90,619	-	90,619
Borrowing cost conforming to conditions of capitalization	\$ 33,738	\$ -	\$ 33,738
Lease modifications	-	39,264	39,264
Balance as of December 31, 2023	<u>\$ 797,803</u>	<u>\$ 4,412,571</u>	<u>\$ 5,210,374</u>
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2023	\$ -	\$ 295,457	\$ 295,457
Depreciation expenses	-	90,619	90,619
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 386,076</u>	<u>\$ 386,076</u>
Net balance on December 31, 2023	<u>\$ 797,803</u>	<u>\$ 4,026,495</u>	<u>\$ 4,824,298</u>
<u>Cost</u>			
Balance as of January 1, 2022	\$ 153,677	\$ 3,959,612	\$ 4,113,289
Additions	-	396,885	396,885
Construction costs incurred by investment properties under construction	75,513	-	75,513
From right-of-use assets	86,581	-	86,581
Borrowing cost conforming to conditions of capitalization	26,085	-	26,085
Lease modifications	-	16,810	16,810
Balance as of December 31, 2022	\$ 341,856	\$ 4,373,307	\$ 4,715,163

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	Investment properties under construction	Right-of-use assets	Total
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2022	\$ -	\$ 208,876	\$ 208,876
Depreciation expenses	<u>-</u>	<u>86,581</u>	<u>86,581</u>
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 295,457</u>	<u>\$ 295,457</u>
Net balance as of December 31, 2022	<u>\$ 341,856</u>	<u>\$ 4,077,850</u>	<u>\$ 4,419,706</u>

Investment properties under construction are recognized at cost less accumulated loss. Cost includes professional service expenses and borrowing cost that conforms to conditions of capitalization. Such assets will be depreciated once they are under intended status. Interest expense arising on borrowings for projects should be capitalized as described in Note 18 (3) Interest capitalization.

The land use right assets in investment properties are amortized during 50 years, and the rights of construction and operation are obtained based on the land ownership contract for Gongyuan Section of Zhongzheng District executed with the Taipei City government on which base and cultural and sight-seeing facilities will be built. In addition to installment, land use right payable totaled at NTD2,888,800 thousand and land rent shall be paid year by year (annual interest shall be paid based on the land price stipulated under the contract) along with the facility revolving fund of NTD14,830 thousand which will be recognized as use right asset and lease liabilities. As of December 31, 2023, lease liabilities recognized in current and current liabilities amounted to NT\$478,412 thousand and NT\$43,510 thousand, respectively. Lease liabilities recognized in current and non-current liabilities amounted to NT\$2,134,749thousand and NT\$2,488,319 thousand, respectively.

Fair value of investment properties is evaluated by independent valuation companies. Such evaluation price is referred to the market trading price of investment properties. Based on the evaluation, the fair value is NT\$4,094,000 thousand.

Please refer to Note 23 for information on the amount of investment properties as guarantees for borrowings.

XIV. Borrowings

(I) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loans (Note 23)	\$ 966,500	\$ 897,400
Unsecured bank loans	<u>1,212,000</u>	<u>1,130,000</u>
	<u>\$ 2,178,500</u>	<u>\$ 2,027,400</u>

Interest rate of revolving bank loan was 1.87%~3.36% and 1.75%~2.94% as of December 31, 2023 and 2022, respectively.

(II) Short-term notes and bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial promissory notes payable	\$238,000	\$238,000
Less: discount on short-term notes and bills payable	(<u>929</u>)	(<u>864</u>)
	<u>\$237,071</u>	<u>\$237,136</u>

Short-term notes and bills payable which are not yet due are as follows:

December 31, 2023

<u>Guarantee/ acceptance institution</u>	<u>Face value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Range of interest rate</u>	<u>Collateral description</u>	<u>Carrying amount of collateral security</u>
<u>Commercial promissory notes payable</u>						
Syndicated loan						
Taiwan						
Cooperative Bank	\$ 39,600	\$ 53	\$ 39,547			
Mega International Bank	39,600	53	39,547	1.76%	Land	<u>\$744,057</u>
Hua Nan Bank	4,400	6	4,394			
Agricultural Bank of Taiwan	4,400	6	4,394			
China Bills	<u>150,000</u>	<u>811</u>	<u>149,189</u>	2.74%	-	-
	<u>\$238,000</u>	<u>\$ 929</u>	<u>\$237,071</u>			

December 31, 2022

Guarantee/ acceptance institution	Face value	Discount amount	Carrying amount	Range of interest rate	Collateral description	Carrying amount of collateral security
<u>Commercial</u>						
<u>promissory notes</u>						
<u>payable</u>						
Syndicated loan						
Taiwan						
Cooperative						
Bank	\$ 39,600	\$ 55	\$ 39,545			
Mega International						
Bank	39,600	55	39,545	1.54%	Land	<u>\$642,768</u>
Hua Nan Bank	4,400	6	4,394			
Agricultural Bank						
of Taiwan	4,400	6	4,394			
China Bills	<u>150,000</u>	<u>742</u>	<u>149,258</u>	2.44%	-	-
	<u>\$238,000</u>	<u>\$ 864</u>	<u>\$237,136</u>			

(III) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loans</u> (Note 23)		
Pledged loans		
— Bank loans	\$ 7,699,530	\$ 7,480,070
Loans guaranteed by the		
Chairman		
— Bank loans	4,387,042	3,876,200
<u>Unsecured loans</u>		
— Bank loans	<u>650,000</u>	<u>750,000</u>
	12,736,572	12,106,270
Less: Deferred syndication		
fees	(55,242)	-
Less: Portion due within		
one year	(<u>2,525,544</u>)	(<u>3,042,558</u>)
	<u>\$ 10,155,786</u>	<u>\$ 9,063,712</u>

Interest rate of long-term bank loan was 2.37%~3.15% and 2.07%~2.66% as of December 31, 2023 and 2022, respectively.

XV. Post-employment benefits Plans

The "Labor Pension Act" applicable to the Group is a defined contribution plan under government administration that contributes 6% of employees' monthly salary to their personal accounts at the Bureau of Labor Insurance. Please refer to Note 18 for the contributions made by the Group in accordance with the specified percentages of the defined contribution plans.

XVI. Equity interest

(I) Share capital

1. Ordinary shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousands)	<u>300,000</u>	<u>300,000</u>
Authorized capital stock	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousand shares)	<u>117,108</u>	<u>117,108</u>
Share capital issued	<u>\$ 1,171,081</u>	<u>\$ 1,171,081</u>

The par value of ordinary shares issued were NT\$10 per share. Each share is entitled to the right to vote and receive dividend.

On June 17, 2022, the shareholders' meeting resolved to issue 10,646 thousand new shares with a par value of NT\$10 per share by distributing stock dividends from the surplus, resulting in a paid-in capital of NT\$1,171,081 thousand. The above-mentioned capitalization of surplus was approved by the FSC on July 7, 2022, and the Board of Directors resolved that August 8, 2022 should be the ex-rights base date.

2. Preferred shares

This case was declared effective by Jin Guan Zheng Fa Zi No. 1100342890 of the Financial Supervisory Commission on May 26, 2021. Also, the capital increase recordation date is August 7, 2021. 30,000 thousand shares of preferred shares were issued in cash, with a face value of NT\$10 per share and an issue price of NT\$40 per share for an annual rate of 4% of preferred shares (based on a five-year IRS rate of 0.62275% + a fixed overweight rate of 3.37725%). A five-year IRS rate shall be reset on the next business day after five years from the issue date and every five years thereafter. Preferred shareholders of the Company have no voting and election rights at ordinary shareholders' meetings, but they have the right to vote in preferred shareholders' meetings and matters against to the rights and obligations of preferred shareholders. The Company has the discretion to distribute dividends on preferred shares. If the Company's annual final accounts have no earnings or the earnings is insufficient to distribute the dividends on

preferred shares or other necessary considerations, the Board of Directors may decide not to distribute the dividends on preferred shares, which does not constitute a breach of contract. While the non-cumulative dividends distributions are resolved not to be distributed or be distributed for insufficient dividends, it shall not be accumulated and will be deferred in subsequent years if there are earnings. The Company's preferred shares have no maturity date. However, the Company may call in all or part of the preferred shares at any time from the day following the five-year expiration date at the original actual issue price. Preferred shares are not converted into ordinary shares. Preferred shareholders shall not request the Company to call in the preference shares they hold.

(II) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to cover</u> <u>deficiencies, to issue</u> <u>cash, or to contribute</u> <u>to capital. (Note)</u>		
Premium on conversion of corporate bonds	\$ 384,377	\$ 384,377
Premium on issuance of shares	900,000	900,000
Expired stock options	26	26
<u>May only be used to</u> <u>offset deficits</u>		
Dividends unclaimed by shareholders after lapse of time	40	40
Exercise of disgorgement	788	788
	<u>\$ 1,285,231</u>	<u>\$ 1,285,231</u>

Note: Such capital surplus may be used to offset losses and may also be used to distribute cash or allocate to share capital when the Company has no losses; however, when allocated to share capital, it is subject to an annual limit based on a certain percentage of paid-in capital.

(III) Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's Articles of Incorporation, provided that the Company has net profit for the current year, it shall be first used to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or

transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated as dividends in accordance with a proposal for profit distribution as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. For the policies on distribution of employees' compensation and remuneration of directors, please refer to Note 18 (6) (Employees' Compensation and Remuneration of Directors).

In accordance with the Company's Articles of Incorporation, dividends may be distributed in the form of cash or stock, among which cash dividends shall not be less than 10% of the total dividends.

The legal capital reserve shall be supplemented until the balance reaches the Company's total paid-in capital. The legal capital reserve may be used to make up for losses. When the Company has no loss, the portion of the legal capital reserve that exceeds 25% of the total paid-in capital may be appropriated in cash in addition to being transferred to share capital.

The Company only provides for unappropriated earnings in the previous period when special reserve is appropriated based on the net deduction of other interests accumulated in the previous period.

The Company held shareholder meetings on June 16, 2023, and June 17, 2022, respectively, and approved the profit distribution proposals for the fiscal years 2022 and 2021 as follows:

	Earnings distribution proposal		Dividends per share (NT\$)	
	2022	2021	2022	2021
Legal capital reserve	\$ 98,127	\$ 176,244		
Cash dividends of preferred shares	48,000	13,282	\$ 1.6	\$ 0.44
Share dividends of ordinary shares	-	106,461	-	1
Cash dividends of ordinary share	579,846	745,234	5	7

On March 15, 2024, the Board of Directors of the Company planned a resolution on the surplus distribution proposal for the year 2023 as follows:

	Earnings distribution proposal	Dividends per share (NT\$)
Legal capital reserve	\$ 170,919	
Cash dividends of preferred shares	48,000	\$ 1.6
Share dividends of ordinary shares	231,938	2
Cash dividends of ordinary share	811,784	7

The appropriations of earnings for the year ended December 31, 2023 are subject to the resolution of the shareholders' meeting planned to be held in 2024.

(IV) Treasury shares

Unit: Thousand shares

Reason for Buyback	Number of Shares at January 1	Increase in the current year	Transfer for the year	Number of Shares at December 31
<u>2023</u>				
Shares transferred to employees	<u>1,139</u>	<u>-</u>	<u>-</u>	<u>1,139</u>
<u>2022</u>				
Shares transferred to employees	<u>-</u>	<u>1,139</u>	<u>-</u>	<u>1,139</u>

Treasury shares held by the Company may be neither pledged nor assigned rights such as dividend appropriation and voting rights in accordance with the Securities and Exchange Act.

XVII. Income

(I) Disaggregation of revenue from customer contracts

	<u>2023</u>	<u>2022</u>
Revenue from sales of buildings and land	\$ 2,474,497	\$ 51,935
Service revenue	5,256,277	5,040,342
Other operating income	<u>23,810</u>	<u>-</u>
	<u>\$ 7,754,584</u>	<u>\$ 5,092,277</u>

(II) Contract balance

Contract assets refer to certain payments retained by the customer as specified in the contract to ensure that the Group adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the

Group satisfies its performance obligations. The pre-sale housing and land payment received in installments according to the terms of the contract is recognized as a contract liability before the Group completes the performance of the contract.

Changes in contract assets and contract liabilities are caused mainly by the difference of timing between when performance obligations are fulfilled and when customers makes payments.

(III) Contract cost-related assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Incremental costs of obtaining contracts	<u>\$ 118,970</u>	<u>\$ 21,183</u>
Contract performance costs		
Agent AA1010	\$ 69,533	\$ 68,022
Agent AA1104	42,817	55,598
Agent AA1106	38,591	49,882
Others	<u>684,868</u>	<u>1,180,113</u>
	<u>\$ 835,809</u>	<u>\$ 1,353,615</u>

XVIII. Comprehensive income

(I) Other income

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 14,507	\$ 11,495
Rental income	9,590	5,238
Revenues from indemnities (Note)	120,000	-
Others	<u>10,173</u>	<u>11,521</u>
	<u>\$ 154,270</u>	<u>\$ 28,254</u>

Note: Regarding the unresolved lawsuit from 2019 to 2021 against the subsidiary Jin Yutai Corporation, Jin Yutai Corporation has fully recognized the settlement loss of NT\$207,500 thousand as of December 31, 2022. Jin Yutai Corporation has received compensation income of NT\$120,000 thousand in 2023.

(II) Other gains and losses

	<u>2023</u>	<u>2022</u>
Losses from accrued compensation for litigation	\$ -	(\$ 100,000)
Net financial assets profit (loss) at fair value through profit or loss	358,995	(49,487)
Foreign exchange gains - net	71	6,757
Others	(41,882)	(84,346)
	<u>\$ 317,184</u>	<u>(\$ 227,076)</u>

(III) Finance costs

	<u>2023</u>	<u>2022</u>
Interest on bank borrowings	\$ 396,002	\$ 259,615
Interest on lease liabilities	<u>85,897</u>	<u>82,965</u>
	481,899	342,580
Less: amounts included in the cost of the required assets	(300,129)	(201,222)
	<u>\$ 181,770</u>	<u>\$ 141,358</u>

Information on the capitalization of interest is as follows:

	<u>2023</u>	<u>2022</u>
Amount of capitalization of interest	\$ 300,129	\$ 201,222
Interest rate of capitalization of interest	1.75%~3.37%	1.75%~2.94%

(IV) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Depreciation expenses summarized by function		
Operating expenses	<u>\$ 15,437</u>	<u>\$ 15,050</u>
Amortization expenses summarized by function		
Operating expenses	<u>\$ 482</u>	<u>\$ 1,462</u>

(V) Employee benefit expenses

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 646,506	\$ 545,338
Post-employment benefits (Note 15)		
Defined contribution plans	<u>13,868</u>	<u>13,391</u>
Total employee benefits	<u>\$ 660,374</u>	<u>\$ 558,729</u>
Summarized by functions		
Operating expenses	<u>\$ 660,374</u>	<u>\$ 558,729</u>

(VI) Employees' compensation and remuneration to directors and supervisors

In accordance with the Company's Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

Accrual ratio

	<u>2023</u>	<u>2022</u>
Employee remuneration	1%	1%
Remuneration to directors and supervisors	1%	1%

Amount

	<u>2023</u>	<u>2022</u>
	<u>Cash</u>	<u>Cash</u>
Employee remuneration	\$ 19,263	\$ 11,357
Remuneration to directors and supervisors	19,263	11,357

If changes are made to the amount after the publication of the annual consolidated financial statements, they apply in accordance with accounting estimation changes and will be included in the financial statements of the following year.

The actual employee' compensation and remuneration to directors and supervisors in 2022 and 2021 were consistent with the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information about employees' compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System of Taiwan Stock Exchange.

XIX. Income tax

- (I) Major components of income tax expenses recognized in profit or loss are as follows:

	<u>2023</u>	<u>2022</u>
Current tax		
Generated in the current year	\$ 405,727	\$ 313,907
Land value increment tax	1,396	708
Additional income tax on unappropriated earnings	37,365	70,290
Adjustments for prior years	273	2,776
Deferred income tax		
Generated in the current year	(<u>838</u>)	(<u>839</u>)
Income tax expenses recognized in profit or loss	<u>\$ 443,923</u>	<u>\$ 386,842</u>

The adjustment of accounting income and income tax expense is as follows:

	<u>2023</u>	<u>2022</u>
Net income before tax	<u>\$ 2,191,111</u>	<u>\$ 1,286,793</u>
Income tax expense for net income before tax is calculated at the statutory rate	\$ 438,222	\$ 257,359
Net non-deductible expense and loss on tax	1,075	7,378
Tax-free income	(84,537)	5,415
Additional income tax on unappropriated earnings	37,365	70,290
Unrecognized deductible temporary differences	49,256	42,916
Land value increment tax	1,396	708
Adjustments on current income tax expense of previous years in current year	273	2,776
Additional income tax under the Alternative Minimum Tax Act	<u>873</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ 443,923</u>	<u>\$ 386,842</u>

- (II) Current income tax assets and liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax liabilities		
Income tax payable	<u>\$ 282,833</u>	<u>\$ 145,906</u>

(III) Deferred income tax assets and liabilities

2023

	<u>Beginning balance</u>	<u>recognized in profit or loss</u>	<u>Ending balance</u>
Deferred income tax liabilities			
Temporary difference			
Difference between carrying amounts of assets acquired by combination and basis of taxation	<u>\$ 259,824</u>	<u>(\$ 838)</u>	<u>\$ 258,986</u>

2022

	<u>Beginning balance</u>	<u>recognized in profit or loss</u>	<u>Ending balance</u>
Deferred income tax liabilities			
Temporary difference			
Difference between carrying amounts of assets acquired by combination and basis of taxation	<u>\$ 260,663</u>	<u>(\$ 839)</u>	<u>\$ 259,824</u>

(IV) Deductible temporary differences that are not recognized as deferred tax assets in the Consolidated Balance Sheets.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences		
Bad debts exceeding the limit	<u>\$ 5,814</u>	<u>\$ 1,504</u>
Impairment loss	<u>37,130</u>	<u>37,130</u>
	<u>\$ 42,944</u>	<u>\$ 38,634</u>

(V) Income tax assessments

The Group's tax returns have been assessed by the tax authorities for the following years:

<u>Company Name</u>	<u>Year ended</u>
Hi-Yes International Co., Ltd.	2021
Hi-Yes Construction Co., Ltd.	2021
Haixia Construction Co., Ltd.	2021
Yueda Construction Co., Ltd.	2021
Haixin International Co., Ltd.	2021
Haiyan Construction Co., Ltd.	2021
Haiju Development Co., Ltd.	2021
Haihui Construction Co., Ltd.	2021
Hiyu International Co., Ltd.	2021
NanYue Construction Co., Ltd.	2021
Jin Yutai Co., Ltd.	2021

XX. Earnings per share

The net income for the purpose of calculating earnings per share (EPS) and the weighted average number of ordinary shares are as follows:

Net income for the period

	<u>2023</u>	<u>2022</u>
Net income for the period	\$ 1,655,364	\$ 934,394
Less: Dividends on preferred share	(48,000)	(13,282)
Net income used for calculating basic/diluted earnings per share	<u>\$ 1,607,364</u>	<u>\$ 921,112</u>

Number of shares

Unit: Thousand shares

	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares for the purpose of calculating basic EPS	115,969	116,951
Potential impact on ordinary shares with dilutive effect:		
Employee remuneration	<u>245</u>	<u>220</u>
Weighted average number of ordinary shares for the purpose of calculating diluted EPS	<u>116,214</u>	<u>117,171</u>

If the Group chooses to offer employees' compensation or share profits by way of cash or stock, then while calculating the diluted EPS, and assuming that the compensation is paid in the form of stock, the dilutive potential ordinary shares will be included in the weighted average number of outstanding shares to calculate the diluted EPS.

XXI. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value.

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Domestic listed (OTC) stocks and Emerging stocks	\$ 290,283	\$ -	\$ -	\$ 290,283
Domestic listed private placement stocks	-	477,161	-	477,161
Co-construction investment equity	-	-	247,423	247,423
Investment in debt instruments	12,872	-	-	12,872
Fund beneficiary certificates	19,993	-	-	19,993
Convertible corporate bonds	-	-	10,000	10,000
Total	<u>\$ 323,148</u>	<u>\$ 477,161</u>	<u>\$ 257,423</u>	<u>\$ 1,057,732</u>
<u>Financial assets at fair value</u> <u>through other comprehensive income</u>				
Investment in equity instruments				
— Domestic listed (OTC) stocks and Emerging stocks	\$ 8,237	\$ -	\$ -	\$ 8,237
— Domestic listed private placement stocks	-	364,236	-	364,236
— Domestic unlisted (non-OTC) stocks	-	-	267,645	267,645
Total	<u>\$ 8,237</u>	<u>\$ 364,236</u>	<u>\$ 267,645</u>	<u>\$ 640,118</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Domestic listed (OTC) stocks and Emerging stocks	\$ 13,560	\$ -	\$ -	\$ 13,560
Domestic listed private placement stocks	-	225,290	-	225,290
Domestic unlisted (non-OTC) stocks	-	-	3,981	3,981
Co-construction investment equity	-	-	156,918	156,918
Investment in debt instruments	12,657	-	-	12,657
Fund beneficiary certificates	6,158	-	-	6,158
Total	<u>\$ 32,375</u>	<u>\$ 225,290</u>	<u>\$ 160,899</u>	<u>\$ 418,564</u>
<u>Financial assets at fair value</u> <u>through other comprehensive income</u>				
Investment in equity instruments				
— Domestic listed (OTC) stocks and Emerging stocks	\$ 111,215	\$ -	\$ -	\$ 111,215
— Domestic listed private placement stocks	-	175,260	-	175,260
— Domestic unlisted (non-OTC) stocks	-	-	352,491	352,491
Total	<u>\$ 111,215</u>	<u>\$ 175,260</u>	<u>\$ 352,491</u>	<u>\$ 638,966</u>

There were no transfers between Levels 1 and 2 fair value measurement for 2023 and 2022.

2. Valuation techniques and inputs measured at Level 2 fair value

<u>Categories of financial instruments</u>	<u>Valuation techniques and inputs</u>
Domestic listed stocks - private placement stocks	The fair value of a financial asset was estimated based on the observable stock prices and considered illiquidity discount at the end of the period.

3. Valuation techniques and inputs measured at Level 3 fair value

There were no unlisted (non-OTC) stock in the active market or co-construction investment equity; thus, appraisal was conducted based on the asset-based approach, the market approach, and the income approach.

The asset-based approach is to appraise the fair value mainly based on the net asset value after the independent expert's fair value measurement. The unobservable inputs adopted by the Group are liquidity discount and non-controlling Interests to appraise the fair value.

The market approach is to appraise the fair value with reference to the recent financing activities of the invested targets or market transaction prices and market conditions for similar investment targets.

The income approach refers to the present value converted by independent experts according to the future benefit flow to appraise the fair value mainly.

The unobservable inputs adopted by the Group are liquidity discount and non-controlling Interests to appraise the fair value.

(III) Classification of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 1,057,732	\$ 418,564
Financial assets at amortized cost (Note 1)	7,804,836	5,917,996
Investments in equity instruments measured at FVTOCI	640,118	638,966
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	16,439,939	15,704,102

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, pledged certificates of deposit, pledged deposits, notes and accounts receivable, other receivables and refundable deposits.

Note 2: Balance refers to financial liabilities measured at amortized cost, including short-term borrowings, short-term notes and bills payable, notes and accounts payable, other payable, long-term liabilities due within one year, long-term borrowings, and guarantee deposits received.

(IV) Objectives and policies of financial risk management

The main financial instruments of the Group currently include equity instrument investments, notes and accounts receivable, other receivables, long-term receivables, notes and accounts payable, corporate bonds payable, borrowings and lease liabilities. The financial management department of the Group executes the policies approved by the Board of Directors, coordinates the risk management of financial markets, and identifies, evaluates, and avoids financial risks related to the operation of the Group in accordance with the regulations.

The financial management department reports irregularly to the management of the Group, which is an organization of the Group responsible for overseeing risks and implementing policies to mitigate risk exposed.

1. Market risk

The Group's activities expose it primarily to the financial risks of changes in exchange rates (see (1) below) and the changes in prices (see (2) below). Market risk in relation to the Group's financial instruments and its management and measurement approaches remain unchanged.

(1) Interest rate risk

Interest rate risk was generated due to the entities of the Group borrows funds at both fixed and floating interest rates. However, the Group regularly evaluates hedging activities to make them consistent with the views of interest rate and inherent risk appetite, and therefore the most cost-effective hedging strategies are ensured to be adopted.

The carrying amount of financial assets and the financial liabilities of the Group exposed to the interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Interest rate risks with fair value		
— Financial assets	\$ 65,000	\$ 70,000
— Financial liabilities	2,955,212	2,876,703
Interest rate risks with cash flow		
— Financial assets	6,319,410	4,409,104
— Financial liabilities	14,759,830	14,033,670

Sensitivity analysis

If interest rates increase/decrease by 1%, with all other variables being held equal, the Group's net profit before tax for 2023 and 2022 will decrease/increase by NT\$84,404 thousand and NT\$96,246 thousand, respectively, which is mainly due to the net impact of changes in interest income and expenses on the Group's bank deposits and loans with floating rates.

(2) Price risk

The Group's equity price risk mainly comes from two types, (1) investment in Financial assets at fair value through other comprehensive income (mainly investing in domestic company stocks). This equity investment is not held for trading but is a strategic investment. The Group is not actively trading these investments (2) Investments in financial assets at fair value through profit and loss (mainly investments in domestic company stocks, financial assets at fair value through profit and loss, bond investment instruments and fund beneficiary certificates). The Group manages this exposure by maintaining a portfolio of investments with different risks, and the investment in equity instruments must be approved by the management of the Group before it can be processed.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to equity price risk at the balance sheet date.

If the price increased/ decreased by 5%, income before tax for the years ended December 31, 2023 and 2022 would have increased/ decreased by \$52,887 thousand and \$20,928 thousand, respectively, due to changes in the fair value of financial assets at fair value through profit

or loss. Other comprehensive gains and losses will increase/decrease by \$32,006 thousand and \$31,948 thousand, respectively, due to changes in the financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risks refer to risks that cause financial loss to the Group due to the counterparty's delay in honoring contractual obligations. As of the balance sheet date, the Group's possible maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform obligations by the counterparties and the Group's provision of financial guarantee is mainly arising from the carrying amount of the financial assets recognized in the balance sheet.

The policy adopted by the Group is to only conduct transactions with companies with outstanding reputation and ratings equal to or above the investment level, and obtain sufficient guarantee if necessary to reduce the risk of financial losses due to arrears. The Group will use publicly obtainable financial information and past records of transaction with the Group to rate main customers. The Group continues to monitor credit risk exposure and the credit ratings of counterparties and distributes total transaction amounts among customers with qualified credit ratings. It also controls credit risk exposure through reviews and approval of credit limit of counterparties by the management.

The Group continuously assesses the financial position of its customers for the accounts receivable.

The Group does not have material credit risk exposure with any singular transaction counterparty or any combination of transaction counterparties of similar characteristics. Where the parties in transactions are affiliated companies, the Group defines them as transaction counterparties of similar characteristics.

3. Liquidity risk

The Board of Directors bears the ultimate liability for the liquidity risk management of the Group. The Group has established an appropriate liquidity risk management framework to meet its management demand for short-term, mid-term, and long-term funding and liquidity. The Group manages liquidity risk by maintaining adequate financing limit with banks and borrowing commitments as well as continuously monitoring the expected and actual cash flows and the maturity portfolio of financial assets and liabilities.

(1) Liquidity of non-derivative financial liabilities and the interest risk table

The following table provide maturity analysis of non-derivative financial liabilities for which repayment dates have been agreed upon. The table is based on the earliest date on which the Group can be required to repay the financial liability and the undiscounted cash flow of the financial liability, which includes the cash flow from interests and the principal.

December 31, 2023

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative</u>			
<u>financial liabilities</u>			
Non-interest-bearing liabilities	\$ 1,341,438	\$ -	\$ -
Lease liabilities	482,333	614,811	3,058,530
Liabilities with floating interest rates	5,126,828	10,414,388	-
Liabilities with fixed rates	<u>338,816</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,289,415</u>	<u>\$ 11,029,199</u>	<u>\$ 3,058,530</u>

December 31, 2022

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative</u>			
<u>financial liabilities</u>			
Non-interest-bearing liabilities	\$ 1,332,584	\$ -	\$ -
Lease liabilities	48,887	609,843	3,473,661
Liabilities with floating interest rates	5,562,955	8,610,443	484,466
Liabilities with fixed rates	<u>338,535</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,282,961</u>	<u>\$ 9,220,286</u>	<u>\$ 3,958,127</u>

(2) Credit limit

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit drawdowns	\$ 15,153,072	\$ 14,371,670
Credit unused	<u>14,263,979</u>	<u>9,130,557</u>
	<u>\$ 29,417,051</u>	<u>\$ 23,502,227</u>

XXII. Related-Party Transactions

All transactions between the Company and its subsidiaries (related parties of the Company), account balances, income, and expenses are eliminated upon consolidation and therefore are not shown in this Note. In addition to those disclosed in other Notes, the transactions between the Group and other related parties are as follows.

(I) The name and relation of related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Hi-Yes Corporation Ltd.	Related party in substance
Haihua Advertising Co., Ltd.	Related party in substance
Mega Building Development Co., Ltd.	Related party in substance
Hi-Yes Real Estate Development Co., Ltd.	Related party in substance
Sea Heart Investments Limited	Related party in substance
Higo Digital Co., Ltd.	Related party in substance
Dacheng Advertising Co., Ltd.	Related party in substance
Haiju Construction Co., Ltd.	Related party in substance
JP Vendome Co., Ltd.	Associates
Tseng, Chun-Sheng	Key management levels

(II) Operating revenue

<u>Accounting item</u>	<u>Category of related parties</u>	<u>2023</u>	<u>2022</u>
Service revenue	Related party in substance	\$ 114,365	\$ 31,680
	Key management levels	<u>9,192</u>	<u>-</u>
		<u>\$ 123,557</u>	<u>\$ 31,680</u>

(III) Operating costs

<u>Accounting item</u>	<u>Category of related parties</u>	<u>2023</u>	<u>2022</u>
Cost of services	Related party in substance	\$ 2,637	\$ 4,466
	Associates	42	420
	Key management levels	<u>1,362</u>	<u>-</u>
		<u>\$ 4,041</u>	<u>\$ 4,886</u>

(IV) Receivables from related parties

<u>Accounting item</u>	<u>Category of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts receivables	Related party in substance	\$ 75,151	\$ 66
	Key management levels	<u>2,623</u>	<u>-</u>
		<u>\$ 77,774</u>	<u>\$ 66</u>

The outstanding amount of receivables - related parties is not guaranteed. There is no impairment of accounts receivable from related parties in 2023 and 2022, thus no allowances for loss has been made.

(V) Payables to related parties

<u>Accounting item</u>	<u>Category of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	Related party in substance	<u>\$ 942</u>	<u>\$ 975</u>

(VI) Incremental costs of obtaining contracts

<u>Accounting item</u>	<u>Category of related parties</u>	<u>2023</u>	<u>2022</u>
Incremental costs of obtaining contracts	Related party in substance	<u>\$ 50,151</u>	<u>\$ -</u>

Lease expenses are in line with the general market level and the rent is paid on a monthly basis.

(VII) Other related party transactions

<u>Accounting item</u>	<u>Category of related parties</u>	<u>2023</u>	<u>2022</u>
Rent expenses	Related party in substance	<u>\$ 6,286</u>	<u>\$ 5,086</u>

(VIII) Compensation for Key Management Personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 23,472	\$ 27,618
Post-employment benefits	<u>512</u>	<u>290</u>
	<u>\$ 23,984</u>	<u>\$ 27,908</u>

The remuneration to directors and other key management personnel is determined by the Remuneration Committee based on personal performance and market trends.

XXIII. Pledged Assets

The following assets have been provided as the collateral for borrowings:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Inventories (applicable to the construction industry)	\$ 12,466,088	\$ 11,857,293
Superficies (recognized under investment properties)	4,026,495	4,077,850
Reserve account and trust account (recognized under financial assets at amortized cost)	965,516	688,477
Pledged time deposit certificates (recognized under financial assets at amortized cost)	65,000	40,000
Private placement stock (recorded as financial assets at fair value through profit or loss)	477,161	225,290
Private placement stock (recorded as financial assets at fair value through other comprehensive income)	<u>364,236</u>	<u>175,260</u>
	<u>\$ 18,364,496</u>	<u>\$ 17,064,170</u>

XXIV. Segment Information

The Group has two reporting segments: the agency sales segment of real estate, and the construction segment, in which the former engages into the brokerage of real estate sales. The construction segment engages in operation and construction of residential houses, sales of real estate and other related businesses.

(I) Segment income and operation results

The revenue and operating results from the Group's continuing operations reported by the segment were analyzed as follows:

2023

	<u>Agency sales segment of real estate</u>	<u>Development business unit</u>	<u>Total</u>
Revenue from external clients	\$ 5,280,087	\$ 2,474,497	\$ 7,754,584
Inter-segment income	<u>376,403</u>	<u>-</u>	<u>376,403</u>
Segment income	<u>\$ 5,656,490</u>	<u>\$ 2,474,497</u>	<u>\$ 8,130,987</u>
Eliminations			(<u>376,403</u>)
Consolidated revenue			<u>7,754,584</u>
Segment income or loss	<u>\$ 2,046,225</u>	<u>\$ 636,546</u>	2,682,771
Operating expenses			(<u>805,955</u>)
Non-operating income and expenses			<u>314,295</u>
Net income before tax			<u>\$ 2,191,111</u>

2022

	Agency sales segment of real estate	Development business unit	Total
Revenue from external clients	\$ 5,040,342	\$ 51,935	\$ 5,092,277
Inter-segment income	56,190	-	56,190
Segment income	<u>\$ 5,096,532</u>	<u>\$ 51,935</u>	<u>\$ 5,148,467</u>
Eliminations			(56,190)
Consolidated revenue			<u>5,092,277</u>
Segment income or loss	<u>\$ 2,268,942</u>	<u>\$ 11,752</u>	2,280,694
Operating expenses			(682,014)
Non-operating income and expenses			(311,887)
Net income before tax			<u>\$ 1,286,793</u>

Segment profit represented the profit before tax earned by each segment without the headquarters management costs and directors' remuneration that should be allocated, the share of profit (loss) of associates, lease income, interest income, gain (loss) on disposal of investment, gain (loss) on foreign exchange, gain (loss) arising from the valuation of financial instruments, financial costs, and income tax expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(II) Total assets and liabilities of segments and other segment information

When the Group makes disclosure of measured amount of the total assets and liabilities of segments, and other segment information, such information is not provided to operation decision makers. As a result, such information will not be disclosed.

XXV. Disclosures Notes

(I) Information on significant transactions and (II) investees:

1. Lending of funds to others: None.
2. Endorsement/Guarantee provided for others: Table 1.
3. Marketable securities held at end of period (excluding investment in subsidiaries, associates and joint controlled entities): Table 2.
4. Accumulated purchase or disposal of individual marketable securities in excess of NT\$300 million or 20% of the paid-in capital: Table 3.
5. Acquisition of real estate at prices of at least NT\$300 million or 20% of the paid-in capital: Table 4.

6. Disposal of real estate at price in excess of NT\$300 million or 20% of the paid-in capital: None.
 7. Purchases or sales to related parties of at least NT\$100 million or 20% of paid-in capital: Table 5.
 8. Accounts receivable from related parties equal to or in excess of NT\$100 million or 20% of paid-in capital: None.
 9. Derivative financial instrument transactions: None.
 10. Others: Business relations between the parent company and subsidiaries, important conditions and amounts: Table 6.
 11. Information on investees: Table 7.
- (III) Mainland China investments: None.
- (IV) Information on Major Shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%. Table 8.

Hi-Yes International Co., Ltd. and its Subsidiaries

Endorsement/Guarantee Provided for Others

2023

Table 1

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Name of Endorsement/ Guarantee Provider	Party Endorsed/Guaranteed		Limits on Endorsements/ Guarantees Provided for a Single Party (Note 2)	Maximum Balance for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Amount Actually Drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowed	Guarantee Provided by Parent Company to a Subsidiary	Guarantee Provided by a Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China	Remarks
		Company Name	Relationship (Note 1)											
1	The Company	Hi-Yes Construction Co., Ltd.	2	\$ 14,061,388	\$ 1,650,177	\$ 1,266,177	\$ -	\$ -	18.01%	\$ 14,061,388	Y	N	N	—
2	The Company	Haixin International Co., Ltd.	2	7,030,694	1,074,400	500,000	300,000	-	7.11%	14,061,388	Y	N	N	—
3	The Company	Haiju Development Co., Ltd.	2	7,030,694	900,000	350,000	285,000	-	4.98%	14,061,388	Y	N	N	—
4	The Company	Hiyu International Co., Ltd.	2	7,030,694	1,450,000	800,000	450,000	-	11.38%	14,061,388	Y	N	N	—
5	The Company	Haiyan Construction Co., Ltd.	2	7,030,694	897,142	797,142	400,450	-	11.34%	14,061,388	Y	N	N	—
6	The Company	Yueda Construction Co., Ltd.	2	7,030,694	100,000	-	-	-	-%	14,061,388	Y	N	N	—
7	The Company	Jin Yutai Co., Ltd.	2	7,030,694	5,210,920	4,488,800	1,481,420	-	63.85%	14,061,388	Y	N	N	—
8	Haiyan Construction Co., Ltd.	The Company	3	7,030,694	414,000	414,000	396,000	-	5.89%	14,061,388	N	Y	N	—
9	Haiju Development Co., Ltd.	Hi-Yes Construction Co., Ltd.	1	7,030,694	669,000	669,000	-	-	9.52%	14,061,388	N	N	N	—
10	Haixin International Co., Ltd.	Hi-Yes Construction Co., Ltd.	1	7,030,694	1,277,000	1,277,000	-	-	18.16%	14,061,388	N	N	N	—

Note 1: Listed below are the 3 types of companies to which the Company may provide endorsement/guarantee:

- (1) Companies with which the Company conducts business.
- (2) Companies that the Company holds more than 50% of ordinary equity directly or indirectly.
- (3) Companies that the Company holds more than 50% of ordinary equity directly or indirectly.

Note 2: Limits on Endorsement/ Guarantee Made for Each Party are as below:

- (1) 100% of the net worth as stated in its latest financial statement audited or reviewed by an accountant for subsidiaries in which the Company holds no more than 90% of the ordinary shares: NT\$7,030,694 thousand*100% = NT\$7,030,694 thousand.
- (2) 200% of the net worth as stated in its latest financial statement audited or reviewed by an accountant for subsidiaries in which the Company holds no more than 90% of the ordinary shares: NT\$7,030,694 thousand*200% = NT\$14,061,388 thousand.

Note 3: Maximum amount of endorsements/guarantees is 200% of the net value as stated in its latest financial statements audited or reviewed by an accountant: NT\$7,030,694 thousand*200% = NT\$14,061,388 thousand.

Hi-Yes International Co., Ltd. and its Subsidiaries
Marketable securities held at the end of the period
December 31, 2023

Table 2

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Holding Company Name	Type and name of securities	Relationship with the issuer of the securities	Financial statement account	End of the period				Remarks
				Number of Shares/Units (In Thousand Shares/Units)	Carrying amount	Shareholding ratio (%)	Fair value	
The Company	<u>Listed (OTC) stocks</u>							
	Huangpu Construction Co., Ltd.	N/A	Financial assets at fair value through profit or loss - non-current	100	\$ 3,455	0.03	\$ 3,455	—
	Private placement stock of Huangpu Construction Co., Ltd.	N/A	Same as above	8,620	238,257	2.27	238,257	—
	Private placement stock of Delpha Construction Co.,Ltd.	N/A	Same as above	8,330	238,904	0.99	238,904	—
	iCatch Technology, Inc.	N/A	Same as above	299	21,737	0.31	21,737	—
	<u>Emerging stocks</u>							
	eChem Solutions Corp.	N/A	Same as above	527	216,930	0.64	216,930	—
	<u>Unlisted (non-OTC) stocks</u>							
	Taiwan Leader Biotech Corp	N/A	Same as above	318	-	1.34	-	—
	Zanfu Construction Co., Ltd.	N/A	Same as above	173	-	10.53	-	—
	<u>Listed (OTC) stocks</u>							
	Private placement stock of Delpha Construction Co.,Ltd.	N/A	Financial assets at fair value through other comprehensive income— non-current	12,700	364,236	1.51	364,236	—
	<u>Emerging stocks</u>							
	eChem Solutions Corp.	N/A	Same as above	20	8,237	0.02	8,237	—
	<u>Unlisted (non-OTC) stocks</u>							
	Dushanlin Development Co., Ltd.	N/A	Same as above	4,800	172,512	10	172,512	—
	Mega Building Development Co., Ltd.	Related party in substance	Same as above	13,494	95,133	13	95,133	—
	<u>Convertible corporate bonds</u>							
	Uspace Tech Co., Ltd.	N/A	Financial assets at fair value through profit or loss - non-current	-	10,000	-	10,000	—
	<u>Financing bonds</u>							
	US dollar bond issued by ANZ	N/A	Same as above	-	12,872	-	12,872	—
	Co-construction investment equity	N/A	Same as above	-	197,423	-	197,423	—
Hi-Yes Construction Co., Ltd.	<u>Funds</u>							
	Mega Global Bond ETF Strategic Income Fund of Funds	N/A	Same as above	-	1,980	-	1,980	—
	Taishin Flexible Income Fund A	N/A	Same as above	-	2,003	-	2,003	—
Haiju Development Co., Ltd.	<u>Funds</u>							
	Taishin Flexible Income Fund A	N/A	Same as above	-	15,020	-	15,020	—
	Co-construction investment equity	N/A	Same as above	-	50,000	-	50,000	—
		N/A						
Haihui Construction Co., Ltd.	<u>Emerging stocks</u>							
	eChem Solutions Corp.	N/A	Same as above	117	48,161	0.14	48,161	—
	<u>Funds</u>							
	Mega Global Bond ETF Strategic Income Fund of Funds	N/A	Same as above	-	990	-	990	—

Note 1: Marketable securities in this table refer to stocks as promulgated in IFRS 9 "Financial Instruments" and the securities derived from the items above.

Note 2: Please refer to Table 7 for the relevant information of investment subsidiaries and associates.

Hi-Yes International Co., Ltd. and its Subsidiaries

Accumulated purchase or disposal of individual marketable securities in excess of NT\$300 million or 20% of the paid-in capital

2023

Table 3Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Companies which call and put	Type and name of securities	Financial statement account	Counterparty	Relationship	Opening		Call		Put				End of the period	
					Number of Shares (In Thousand Shares)	Amount	Number of Shares (In Thousand Shares)	Amount	Number of Shares (In Thousand Shares)	Selling price	Carrying cost	Profit or loss from disposal	Number of Shares (In Thousand Shares) (Note 2)	Amount (Note 2)
The Company	Jin Yutai Co., Ltd.	Investments Using the Equity Method	(Note 1)	-	115,189	\$ 635,682	50,697	\$ 506,973	-	\$ -	\$ -	\$ -	165,886	\$ 1,117,588

Note 1: It refers to the ordinary shares of Jin Yutai Co., Ltd. acquired from the participation in the cash capital increase proposal of Jin Yutai Co., Ltd.

Note 2: End balance includes adjustment of investment accounted for using equity method.

Hi-Yes International Co., Ltd. and its Subsidiaries
Acquisition of real estate at cost in excess of NT\$300 million or 20% of paid-in capital
2023

Table 4 Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company that acquired the real estate	Name of property	Date of occurrence	Transaction amount	Payment status	Counterparty	Relationship	Where counterparty is a related party, the data on previous transfer				Basis or Reference for Price Setting	Purpose of acquisition and usage	Other commitments
							All parties	Relationship with the issuer	Transfer Date	Amount			
Hi-Yes International Co., Ltd.	Land on Letian Section, Nantun District, Taichung City	2021/3/24	\$ 451,382	Fully repaid in accordance with the terms and conditions of the contract.	Individual (Natural person)	Non-related party	N/A	N/A	N/A	\$ -	Negotiated with reference to market conditions and approved by the Board of Directors	The Company's main business to increase operating revenue	N/A
Haixin International Co., Ltd.	Land on Letian Section, Nantun District, Taichung City	2021/3/24	190,593	Fully repaid in accordance with the terms and conditions of the contract.	Individual (Natural person)	Non-related party	N/A	N/A	N/A	-	Negotiated with reference to market conditions and approved by the Board of Directors	The Company's main business to increase operating revenue	N/A

Note 1: If the asset acquired is required to be appraised, the appraisal result shall be indicated on the column titled "Basis of Reference for Price Determination."

Note 2: Date of occurrence: The term means the contracting date for the transaction, payment date, transaction completion date by proxy, transfer date, resolution date of the Board of Directors, or other dates on which the transaction counterparty and amount can be ascertained, whichever is earlier.

Hi-Yes International Co., Ltd. and its Subsidiaries
Purchases or sales to related parties of at least NT\$100 million or 20% of paid-in capital
2023

Table 5Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Purchaser (seller)	Counterparty	Relationship	Detail of transaction				Situation and reason for difference between transaction condition and common transaction		Notes and accounts receivable (payable)		Remarks
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit Term	Unit Price	Credit Term	Balance	Percentage of total receivables (payable)	
The Company	Hi-Yes Construction Co., Ltd.	Subsidiary	Sales	(\$ 150,372)	(2%)	Similar to other customers	-	-	\$ 28,394	2%	—

Hi-Yes International Co., Ltd. and its Subsidiaries
Business relationships, major transactions, and amount between the parent company and subsidiaries
2023

Table 6

Unit: NT\$ thousand

No. (Note 1)	Name of trader	Name of transaction counterparty	Relationship with counterparty (Note)	Detail of transaction			
				Account	Amount	Terms of transaction	Ratio in consolidated total revenue or total assets
0	The Company	Hi-Yes Construction Co., Ltd.	1	Operating revenue	\$ 150,372	—	2%
				Accounts receivables	28,394	—	-
		Haixin International Co., Ltd.	1	Operating revenue	43,765	—	1%
				Accounts receivables	6,577	—	-
		Hiyu International Co., Ltd.	1	Other income	5,000	—	-
1	Haixin International Co., Ltd.	Haiyan Construction Co., Ltd.	1	Operating revenue	12,114	—	-
		NanYue Construction Co., Ltd.	1	Accounts receivables	6,259	—	-
		Hi-Yes International Co., Ltd.	2	Operating revenue	21,743	—	-
		NanYue Construction Co., Ltd.	3	Operating revenue	42,676	—	1%
				Accounts receivables	10,331	—	-
2	Haiju Development Co., Ltd.	Hi-Yes Construction Co., Ltd.	3	Operating revenue	17,847	—	-
				Accounts receivables	7,301	—	-
3	Hiyu International Co., Ltd.	Hi-Yes International Co., Ltd.	2	Operating revenue	6,859	—	-
		Hi-Yes International Co., Ltd.	2	Accounts receivables	\$ 49,344	—	-
				Operating revenue	49,344	—	1%
		Hi-Yes Construction Co., Ltd.	3	Accounts receivables	30,243	—	-
				Operating revenue	30,243	—	-

Note 1: 1. Parent company to subsidiaries.
2. Subsidiary to parent company.
3. Between subsidiaries.

Note 2: Major transactions in this table refer to transactions with transaction amount exceeding NT\$5,000 thousand.

Hi-Yes International Co., Ltd. and its Subsidiaries
Name of the invested company, location... and other related information
2023

Table 7

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Investor	Name of investees	Location	Main Business Items	Original investment amount		Hold at End of Period			Profit or loss of investee for this period	Recognized investment profit (loss) for this period	Remarks
				End of the period	End of last year	Number of shares (in shares)	Ratio (%)	Carrying amount			
The Company	Hi-Yes Construction Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	\$ 1,110,000	\$ 1,010,000	111,000,000	100.00	\$ 984,194	\$ 57,146	\$ 57,146	Subsidiary
	Haixia Construction Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	153,000	153,000	15,300,000	100.00	142,039	(4,620)	(4,620)	Subsidiary
	Haixin International Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	25,500	2,550,000	85.00	331,883	112,994	96,045	Subsidiary
	Haiyan Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	35,000	35,000	3,500,000	70.00	(99,429)	(21,387)	(14,971)	Subsidiary
	Haiju Development Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	25,500	2,550,000	85.00	825,643	225,931	192,041	Subsidiary
	Haihui Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	50,000	50,000	5,000,000	100.00	61,789	13,834	13,834	Subsidiary
	Hiyu International Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	25,500	2,550,000	85.00	774,107	364,715	310,007	Subsidiary
	NanYue Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	67,500	67,500	6,750,000	75.00	49,761	(9,975)	(7,481)	Subsidiary
	Jin Yutai Co., Ltd.	Taiwan	Operation of urban renewal and reconstruction business and residential houses, and development and lease of buildings	1,342,189	835,216	165,886,421	56.23	1,117,588	2,374	3,790	Subsidiary
	JP Vendome Co., Ltd.	Taiwan	Wholesale trading of photographic equipment and electronic materials	4,500	4,500	450,000	30.00	4,289	1,106	-	Associates
	Liansheng Investment Co., Ltd.	Taiwan	General investment	60,000	60,000	6,000,000	20.00	74,323	(154)	763	Associates
	Shenghua Development Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	60,000	60,000	60,000	20.00	60,000	(290)	-	Associates
Haixia Construction Co., Ltd.	Yueda Construction Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	143,000	143,000	14,300,000	55.00	136,607	(7,548)	(4,151)	Subsidiary
Yueda Construction Co., Ltd.	Hongsheng Real Estate Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	32,000	32,000	3,200,000	32.00	33,163	465	3	Associates
Hi-Yes Construction Co., Ltd.	Smart Built Construction Technology Co., Ltd.	Taiwan	Comprehensive construction industry	55,000	55,000	5,000,000	30.03	56,191	4,129	1,240	Associates

Hi-Yes International Co., Ltd.

Information on Key Shareholders

December 31, 2023

Table 8

Major Shareholder's Name	Shares	
	Number of Shares Held	Shareholding ratio
Fuyue Investment Co., Ltd.	25,514,000shares	17.34%
Huang, Hsi-Wen	14,955,090shares	10.16%
Wang, Chun-Chieh	10,139,410shares	6.89%
Tseng, Chun-Sheng	7,954,210shares	5.40%

Note: The Information on Major Shareholders in this table are shareholders holding more than 5% of the ordinary and preferred shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of the current quarter calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

Independent Auditors' Report

To Hi-Yes International Co., Ltd.:

Opinion

We have audited the Parent Company Only Balance Sheets of Hi-Yes International Co.,Ltd. as of the years ended December 31, 2023 and 2022, and the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows and Notes to the Parent Company Only Financial Statements (including the Summary of Significant Accounting Policies) for the months from January 1 to December 31 of 2023 and 2022.

The accountant opinions are that the preparations of significant issues of the Parent Company Only Financial Statements are made in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They fairly present the accompanying financial conditions as of December 31 of 2023 and 2022 of Hi-Yes International Co., Ltd. and the accompanying financial performance and accompanying cash flows for the months from January 1 to December 31 of 2023 and 2022.

Basis of Auditor's Opinion

We performed the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibility under those standards will be further described in the section titled "Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements". We are independent of Hi-Yes International Co., Ltd. in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to those matters that, in our professional judgment, are of most significance for our audit on the Parent Company Only Financial Statements for 2023 of Hi-Yes International Co., Ltd. These matters have been addressed in the course of our audit of the Parent Company Only Financial Statements as a whole and in forming our opinion thereon. We do not express a separate opinion on such matters individually.

We hereby state the key audit matters on the Parent Company Only Financial Statements for 2023 of Hi-Yes International Co., Ltd. as follows:

Revenue recognition of consignment service

Revenue of consignment service refers to the regulations of commission sales agent contract between Hi-Yes International Co., Ltd. and the construction companies. Service revenue is recognized when each performance obligation is completed. The amount of consignment service revenue is higher than other income, and the recognition requirements for performance obligations involve more complexity than other income. Therefore, the performance obligation and income recognition of its consignment service revenue are considered as the key audit matters.

We have carried out the main audit procedures for the above-mentioned items as follows:

- Control tests were performed to understand the recognition of revenue of consignment service and the design and implementation of related control systems.
- The samples were selected from the revenue of consignment service transactions for the current year and the commission sales agent contracts signed by both parties were inspected to understand the terms and arrangements of the contract.
- Relevant documents were sampled and checked to confirm whether the revenue of consignment service recognized due to its performance obligations are fulfilled in accordance with the terms of the contract. Also, the revenue was recognized consistently in accordance with the accounting policies.
- Regarding the sampling and checking of the transactions with significant amounts, the control system for assessing their credit risk was understood, and the payment collection conditions of these transactions were tested.

Impairment assessment of land held for construction and properties under development

As stated in Note10, the land held for construction and properties under development held by Hi-Yes International Co., Ltd. is NT\$8,746,437 thousand, accounting for about 45% of the total assets, which has a material impact on the Parent Company Only Financial Statements. Management shall, at the end of each reporting period, assess whether there are any signs of impairment in the land held for construction and properties under development held by the Company in accordance with

the provisions of IAS 36 Impairment of Assets, and estimate the recoverable amount of the asset to assess the amount of impairment if there is any indication of impairment of such asset. However, the market price of real estate is susceptible to government policies, economic climate, market supply and demand and other factors, and impairment assessment involves the subjective judgment of management and major estimates and assumptions. Therefore, the impairment assessment of land held for construction and properties under development is considered as the key audit matters. We have carried out the main audit procedures for the above-mentioned items as follows:

- Took stock of and verified the land title documents of land held for construction and properties under development.
- Obtained the Company's evaluation list of land held for construction and properties under development and the evaluation form of signs of asset impairment.
- Obtained the independent evaluation report used by the Company and evaluated the professional competence, competency and objectivity of the independent evaluators.
- Evaluated the important parameter assumptions used in real estate valuation, and evaluated the reasonableness of parameter assumptions such as announced transaction prices in nearby areas.

Responsibilities of management and governance for the Parent Company Only Financial Statements

It is the responsibility of management to prepare and fairly present the Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, and to maintain internal controls which are necessary for the preparation of the Parent Company Only Financial Statements to ensure that there is no material misrepresentations that are attributed to fraud or error therein.

In the preparation of the Parent Company Only Financial Statements, it is also the responsibility of management to assess the ability of Hi-Yes International Co., Ltd. to continue as a going concern, to disclose relevant matters, and to adopt the accounting basis for going concern, unless the management intends to liquidate Hi-Yes International Co., Ltd. or discontinue operations, or has to do so without any other practical alternatives.

The governing body of Hi-Yes International Co., Ltd. (including the Audit Committee) is responsible to supervise the financial reporting process.

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

Our audit on the Parent Company Only Financial Statements aims to obtain reasonable assurance on whether the Parent Company Only Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an audit report. Reasonable assurance refers to high level of assurance. However, our audit conducted in accordance with Generally Accepted Auditing Standards does not guarantee that material misrepresentations in the Consolidated Financial Statements will be detected. Misrepresentations may be attributable to fraud or error. A misrepresentation of an individual amount or amount in aggregate is considered as materiality if it is reasonably expected to affect the economic decisions made by users on the basis of the Parent Company Only Financial Statements.

We have exercised professional judgment and professional skepticism when conducting the audit in accordance with the Auditing Standards. We also:

1. Identified and assessed the risk of a material misrepresentation attributable to fraud or errors in the Parent Company Only Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, intentional omission, misrepresentation, or override of internal control, the risk of a material misrepresentation that is not attributable to fraud is higher than that which is attributable to error.
2. Obtained necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate for the circumstances. Nevertheless, the purpose of such understanding is not to express an opinion on the effectiveness of the internal controls of Hi-Yes International Co., Ltd.
3. Assessed the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence available, on the appropriateness of management's adoption of the accounting basis for going concern and whether material uncertainties exist where events or circumstances that may cause material doubt on the ability of Hi-Yes International Co. Ltd. to continue as a going concern. If, in our opinion, there is material uncertainty about such events or circumstances, we are required to remind the user of the Parent Company Only Financial Statements of the relevant disclosure therein, or amend our audit opinion if such disclosure is inappropriate. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or circumstances may result in that Hi-Yes International Co. Ltd. may cease to continue as a going concern.

5. Evaluated the overall presentation, structure and content of the Parent Company Only Financial Statements (including relevant notes), and whether the Parent Company Only Financial Statements present the relevant transactions and events fairly.
6. Obtained sufficient and appropriate audit evidence of the financial information on individual within Hi-Yes International Co., Ltd. of using the equity method to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision and performance of the audit and the formation of our audit opinion on Hi-Yes International Co., Ltd.

We communicated matters with the governing body, including the planned scope and timing of the audit, as well as the material audit findings (including material deficiencies in internal control identified during our audit).

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence in accordance with the Code of Professional Ethics for Certified Public Accountants, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the governing body, we determined the key audit matters for the Parent Company Only Financial Statements in 2023 of Hi-Yes International Co., Ltd. . We have stated such matters in the audit report. Unless public disclosure of a particular matter is prohibited by law or, in very rare circumstances, we determined not to communicate such matter in the audit report where it can reasonably be expected that the negative impact of such communication will outweigh the public benefits.

Deloitte & Touche
CPA Chen, Pei-Te

Financial Supervisory Commission
Approval Document No.
Jin-Guan-Zheng-Shen Zi No. 1080321204

CPA Kuo, Li-Wen

Securities and Futures Bureau Approval
Document No.
Tai-Cai-Zheng-Liu-Zi No. 0920123784

March 22, 2024

Hi-Yes International Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 2,272,625	12	\$ 1,422,125	8
1140	Contract assets (Note 15)	518,801	3	372,182	2
1150	Notes and accounts receivable - non-related parties (Note 9)	580,779	3	761,139	4
1160	Notes and accounts receivable - related parties (Notes 9 and 20)	101,605	1	9,620	-
1200	Other receivables - non-related parties	36,394	-	64,928	-
1210	Other receivables - related parties (Note 20)	122	-	123	-
1320	Inventories (applicable to the construction industry) (Notes 5, 10 and 21)	8,746,437	45	8,934,411	52
1479	Other current assets	88,214	-	105,718	1
1480	Incremental costs of obtaining a contract (Notes 15 and 20)	107,885	1	130,818	1
1482	Contract performance costs (Note 15)	448,547	2	728,066	4
11XX	Total current assets	<u>12,901,409</u>	<u>67</u>	<u>12,529,130</u>	<u>72</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 7 and 21)	939,578	5	418,564	3
1520	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 21)	640,118	3	608,335	4
1540	Financial assets at amortized cost - non-current (Note 21)	424,217	2	235,287	1
1550	Investments accounted for using the equity method (Note 11)	4,425,616	23	3,427,798	20
1600	Property, plant and equipment	36,204	-	35,195	-
1755	Right-of-use assets	4,853	-	7,497	-
1780	Intangible assets	237	-	393	-
1920	Refundable deposit	21,801	-	26,530	-
1990	Other non-current assets	-	-	5,144	-
15XX	Total non-current assets	<u>6,492,624</u>	<u>33</u>	<u>4,764,743</u>	<u>28</u>
1XXX	Total assets	<u>\$ 19,394,033</u>	<u>100</u>	<u>\$ 17,293,873</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term borrowings (Notes 12 and 21)	\$ 1,713,000	9	\$ 1,587,400	9
2110	Short-term notes and bills payable (Note 12)	237,071	1	237,136	2
2150	Notes and accounts payable - non related parties	318,239	2	409,440	2
2180	Accounts payable - related parties (Note 20)	56,194	-	3,599	-
2200	Other payables - non-related parties	244,628	1	194,084	1
2220	Other payables - related parties (Note 20)	1,195	-	240	-
2230	Current income tax liabilities (Note 17)	160,244	1	60,432	-
2280	Lease liabilities - current	3,864	-	5,273	-
2320	Long-term liabilities matured within one year (Notes 12 and 21)	2,051,744	11	2,269,758	13
2399	Other current liabilities	4,978	-	2,965	-
21XX	Total Current Liabilities	<u>4,791,157</u>	<u>25</u>	<u>4,770,327</u>	<u>27</u>
	Non-current liabilities				
2527	Contract liabilities - non-current (Note 15)	702,819	4	284,264	2
2540	Long-term borrowings (Notes 12 and 21)	6,767,218	35	6,356,902	37
2580	Lease liabilities - non-current	1,116	-	2,464	-
2645	Guarantee deposit received	1,600	-	712	-
2650	Credit balance of investment using the equity method (Note 11)	99,429	-	75,776	-
25XX	Total non-current liabilities	<u>7,572,182</u>	<u>39</u>	<u>6,720,118</u>	<u>39</u>
2XXX	Total Liabilities	<u>12,363,339</u>	<u>64</u>	<u>11,490,445</u>	<u>66</u>
	Equity (Note 14)				
	Share capital				
3110	Share capital - ordinary share	1,171,081	6	1,171,081	7
3120	Share capital - preferred share	300,000	1	300,000	2
3100	Total share capital	<u>1,471,081</u>	<u>7</u>	<u>1,471,081</u>	<u>9</u>
3200	Capital surplus	<u>1,285,231</u>	<u>7</u>	<u>1,285,231</u>	<u>7</u>
	Retained earnings				
3310	Legal capital reserve	564,732	3	466,605	3
3350	Unappropriated Earnings	<u>3,474,516</u>	<u>18</u>	<u>2,491,301</u>	<u>14</u>
3300	Total Retained Earnings	<u>4,039,248</u>	<u>21</u>	<u>2,957,906</u>	<u>17</u>
3400	Other equity	<u>306,636</u>	<u>1</u>	<u>160,712</u>	<u>1</u>
3500	Treasury shares	(71,502)	-	(71,502)	-
3XXX	Total equity	<u>7,030,694</u>	<u>36</u>	<u>5,803,428</u>	<u>34</u>
	Total Liabilities and Equity	<u>\$ 19,394,033</u>	<u>100</u>	<u>\$ 17,293,873</u>	<u>100</u>

The attached Notes are part of the Parent Company Only financial statements.

Chairman: Huang, Hsi-Wen

Managerial officers: Wang, Chun-Chieh

Chief Accounting Officer: Kao, Ping-Chih

Hi-Yes International Co., Ltd.
Parent Company Only Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating Revenue (Notes 15 and 20)	\$ 4,390,794	100	\$ 2,622,737	100
5000	Operating Costs (Note 20)	<u>2,736,331</u>	<u>62</u>	<u>1,362,026</u>	<u>52</u>
5900	Gross profit	1,654,463	38	1,260,711	48
5910	Unrealized operating gain or loss	(<u>168,581</u>)	(<u>4</u>)	(<u>75,317</u>)	(<u>3</u>)
5950	Realized gross operating profit	<u>1,485,882</u>	<u>34</u>	<u>1,185,394</u>	<u>45</u>
	Operating expense (Notes 9, 16 and 20)				
6200	Sales and management expenses	551,492	13	404,000	16
6450	Expected credit impairment loss (reversal of benefit)	<u>7,871</u>	<u>-</u>	(<u>16,606</u>)	(<u>1</u>)
6000	Total operating expenses	<u>559,363</u>	<u>13</u>	<u>387,394</u>	<u>15</u>
6900	Net operating profit	<u>926,519</u>	<u>21</u>	<u>798,000</u>	<u>30</u>
	Non-operating income and expenses (Notes 16 and 20)				
7100	Interest income	12,030	-	4,257	-
7190	Other income	45,368	1	35,472	1
7020	Other gains and losses	326,804	8	(75,037)	(3)
7050	Finance costs	(69,492)	(2)	(39,574)	(1)
7070	Share of profit or loss of subsidiaries and associates recognized using the equity method	<u>646,554</u>	<u>15</u>	<u>389,896</u>	<u>15</u>
7000	Total non-operating income and expenses	<u>961,264</u>	<u>22</u>	<u>315,014</u>	<u>12</u>

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Code		2023		2022	
		Amount	%	Amount	%
7900	Net income before tax	\$ 1,887,783	43	\$ 1,113,014	42
7950	Income tax expense (Note 17)	<u>232,419</u>	<u>5</u>	<u>178,620</u>	<u>7</u>
8200	Net income for the period	<u>1,655,364</u>	<u>38</u>	<u>934,394</u>	<u>35</u>
	Other comprehensive income				
8310	Items that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	220,853	5	146,944	6
8330	Share of other comprehensive income of subsidiaries accounted for using the equity method	<u>7,751</u>	<u>-</u>	<u>3,422</u>	<u>-</u>
8300	Total other comprehensive income, net after tax	<u>228,604</u>	<u>5</u>	<u>150,366</u>	<u>6</u>
8500	Total comprehensive income for the year	<u>\$ 1,883,968</u>	<u>43</u>	<u>\$ 1,084,760</u>	<u>41</u>
	Earnings per share (Note 18)				
9710	Basic	<u>\$ 13.86</u>		<u>\$ 7.88</u>	
9810	Diluted	<u>\$ 13.83</u>		<u>\$ 7.86</u>	

The attached Notes are part of the Parent Company Only financial statements.

Chairman:
Huang, Hsi-Wen

Managerial officers:
Wang, Chun-Chieh

Chief Accounting Officer:
Kao, Ping-Chih

Hi-Yes International Co., Ltd.
Parent Company Only Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars, Except for Dividends Per Share in Dollars

Code		Share capital			Capital surplus	Retained earnings			Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Treasury shares	Total equity
		Share capital - ordinary share	Share capital - preferred share	Total		Legal capital reserve	Special reserve	Unappropriated Earnings			
A1	Balance as of January 1, 2022	\$ 1,064,620	\$ 300,000	\$ 1,364,620	\$ 1,285,231	\$ 290,361	\$ -	\$ 2,551,256	\$ 89,557	\$ -	\$ 5,581,025
	Appropriation of 2021 earnings										
B1	Legal capital reserve	-	-	-	-	176,244	-	(176,244)	-	-	-
B5	Stock dividends to shareholders held ordinary shares of the Company - \$1	106,461	-	106,461	-	-	-	(106,461)	-	-	-
B7	Cash dividends of preferred shares	-	-	-	-	-	-	(13,282)	-	-	(13,282)
B9	Cash dividends to shareholders held ordinary shares of the Company - \$7	-	-	-	-	-	-	(745,234)	-	-	(745,234)
D1	Net income for 2022	-	-	-	-	-	-	934,394	-	-	934,394
D3	Other comprehensive income for 2022	-	-	-	-	-	-	-	150,366	-	150,366
D5	TOTAL COMPREHENSIVE INCOME/(LOSS) FOR 2022	-	-	-	-	-	-	934,394	150,366	-	1,084,760
L1	Treasury shares buyback	-	-	-	-	-	-	-	-	(71,502)	(71,502)
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(32,339)	-	-	(32,339)
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	79,211	(79,211)	-	-
Z1	Balance as of December 31, 2022	1,171,081	300,000	1,471,081	1,285,231	466,605	-	2,491,301	160,712	(71,502)	5,803,428
	Appropriation of 2022 earnings										
B1	Legal capital reserve	-	-	-	-	98,127	-	(98,127)	-	-	-
B7	Cash dividends of preferred shares	-	-	-	-	-	-	(48,000)	-	-	(48,000)
B9	Cash dividends to shareholders held ordinary shares of the Company - \$5	-	-	-	-	-	-	(579,846)	-	-	(579,846)
D1	Net income for 2023	-	-	-	-	-	-	1,655,364	-	-	1,655,364
D3	Other comprehensive income for 2023	-	-	-	-	-	-	-	228,604	-	228,604
D5	TOTAL COMPREHENSIVE INCOME/(LOSS) FOR 2023	-	-	-	-	-	-	1,655,364	228,604	-	1,883,968
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(28,856)	-	-	(28,856)
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	82,680	(82,680)	-	-
Z1	Balance as of December 31, 2023	<u>\$ 1,171,081</u>	<u>\$ 300,000</u>	<u>\$ 1,471,081</u>	<u>\$ 1,285,231</u>	<u>\$ 564,732</u>	<u>\$ -</u>	<u>\$ 3,474,516</u>	<u>\$ 306,636</u>	<u>(\$ 71,502)</u>	<u>\$ 7,030,694</u>

The attached Notes are part of the Parent Company Only financial statements.

Chairman: Huang, Hsi-Wen

Managerial officers: Wang, Chun-Chieh

Chief Accounting Officer:Kao,Ping-Chih

Hi-Yes International Co., Ltd.
Parent Company Only Statement of Cash Flow
For the years ended December 31, 2023 and 2022

Unit: NT\$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax	\$ 1,887,783	\$ 1,113,014
A20010	Income and expenses having no effect on cash flows		
A20100	Depreciation expenses	11,936	11,606
A20200	Amortization expenses	344	1,315
A20300	Expected credit impairment loss (reversal of benefit)	7,871	(16,606)
A20400	Net profit or loss from financial assets and liabilities measured at fair value through profits or losses	(342,228)	47,149
A20900	Finance costs	69,492	39,574
A21200	Interest income	(12,030)	(4,257)
A21300	Dividend income	(13,058)	(9,995)
A22400	Share of profit or loss of subsidiaries and associates recognized using the equity method	(646,554)	(389,896)
A23900	Unrealized profits and losses with subsidiaries	168,581	75,317
A30000	Net changes in operating assets and liabilities		
A31125	Contract Assets	(146,619)	(32,213)
A31130	Notes and accounts receivable - non-related parties	172,489	(230,077)
A31160	Notes and accounts receivable - related parties	(91,985)	102,252
A31180	Other receivables - non-related parties	(22,167)	1,039
A31190	Other receivables - related parties	1	(63)
A31200	Inventories	397,187	(659,169)
A31240	Other current assets	17,504	(44,085)
A31270	Incremental costs of obtaining contracts	22,933	(24,733)
A31280	Contract performance costs	279,519	(316,249)
A32125	Contract liabilities	418,555	137,899
A32130	Notes and accounts payable - non related parties	(91,201)	154,142
A32160	Accounts payable - related parties	52,595	(25,928)
A32180	Other payables - non-related parties	49,194	(87,957)
A32190	Other payables - related parties	955	(2,749)
A32230	Other current liabilities	<u>2,013</u>	<u>(4,126)</u>
A33000	Cash inflow (outflow) from operating activities	2,193,110	(164,796)
A33500	Income tax paid	(<u>132,607</u>)	(<u>245,879</u>)
AAAA	Cash inflow (outflow) from operating activities, net	<u>2,060,503</u>	<u>(410,675)</u>

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Code		2023	2022
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 72,065)
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	189,070	92,052
B00040	Acquisition of financial assets at amortized cost	(188,930)	(42,833)
B00050	Disposal of financial assets at amortized cost	-	102,207
B00100	Acquisition of financial assets at fair value through profit or loss	(184,928)	(262,870)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	6,142	3,321
B01800	Acquisition of associates	-	(20,000)
B02700	Acquisition of property, plant and equipment	(7,135)	(4,097)
B03700	Decrease (increase) in refundable deposits	4,729	(8,369)
B04500	Purchase of intangible assets	(188)	(130)
B06800	Decrease in other non-current assets	5,144	12,822
B07500	Interest received	12,030	4,257
B07600	Receipt of dividends from subsidiaries and associates	140,376	198,900
B07600	Receipt of other dividends	<u>13,058</u>	<u>9,995</u>
BBBB	Net cash flow from (into) investment activities	(<u>10,632</u>)	<u>13,190</u>
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	125,600	(74,980)
C00500	Increase in short-term notes and bills payable	-	149,265
C01600	Proceeds from long-term borrowings	1,638,820	4,371,080
C01700	Repayments of long-term borrowings	(1,446,518)	(1,897,875)
C03000	Increase (decrease) in guarantee deposit received	888	(68)
C04020	Refund of lease liabilities	(5,923)	(5,651)
C04500	Cash dividends paid	(627,846)	(758,516)
C04900	Treasury shares buyback	-	(71,502)
C05400	Acquisition of equity attributable to subsidiaries	(606,972)	(1,088,254)
C05600	Interest paid	(<u>277,420</u>)	(<u>177,207</u>)
CCCC	Net cash flow from (into) financing activities	(<u>1,199,371</u>)	<u>446,292</u>
EEEE	Net increase in cash and cash equivalents	850,500	48,807
E00100	Cash and cash equivalents at beginning of year	<u>1,422,125</u>	<u>1,373,318</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 2,272,625</u>	<u>\$ 1,422,125</u>

The attached Notes are part of the Parent Company Only financial statements.

Chairman:
Huang, Hsi-Wen

Managerial officers:
Wang, Chun-Chieh

Chief Accounting Officer:
Kao, Ping-Chih

Hi-Yes International Co., Ltd.
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

The Company was established in the Hsinchu Science Park in August 1987 under the name UMAX Computer Corporation. It was renamed UMAX Technologies from July 1, 2004. Its scope of business include the research and development, manufacture and sale of optical reader and related components, multimedia products, personal computers and peripherals, telecommunication products and digital cameras, as well as import and export trading of items relevant to the Company's business and the design and manufacture of the aforementioned products. The resolution of the Company's extraordinary shareholders' meeting on March 26, 2013, amended the Company's Articles of Association and changed the name of the Company to Hi-Yes International Co., Ltd. The scope of business also expanded to include the development, leasing, trading, agency and agency operation, management consulting services, product and landscape design of real estates. The Company's shares have been listed on the Taiwan Stock Exchange ("TSE") since January 5, 1996.

On August 15, 2012 and October 2, 2012, the resolutions to engage in capital reduction to make up for losses and capital increase through the issuance of ordinary shares, and introduce strategic investors with professional experience in real estate development and marketing agency, were passed in the Company's board of directors' meeting and extraordinary shareholders' meeting, respectively, in order to assist the Company in developing new businesses and engaging in diversification, thereby effectively improving the Company's profitability, increasing cash flows from operating activities, and increasing shareholders' equity.

The Parent Company Only Financial Statements are presented in the Company's functional currency, New Taiwan Dollars.

II. Date and Procedures for Approval of the Financial Statements

The Parent Company Only Financial Statements were adopted by the Board of Directors on March 15, 2024.

III. Application of New and Amended Standards and Interpretations

- (I) Initial application of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC.

The application of the amended IFRS Accounting Standards endorsed and issued into effect by FSC will not cause any material changes in the Company's accounting policies.

- (II) IFRS Accounting Standards endorsed by FSC applied in 2024

<u>New, Amended, and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”	January 1, 2024 (Note 3)

Note 1: The aforementioned new, amended and revised standards or interpretations are effective in the annual reporting period beginning on or after their respective effective dates, unless stated otherwise.

Note 2: A seller-lessee shall retroactively apply the amendments to IFRS 16 to the "Lease Liability in a Sale and Leaseback" signed after the date of initial application of IFRS 16.

Note 3: Exemptions from certain disclosure requirements shall apply at the initial application of the amendments to IFRS 16.

As of the date the accompanying financial statements were authorized for issue, the Company assessed that the abovementioned standards and the amendments of the interpretations would not have a significant impact on the Company's accompanying financial position and financial performance.

(III) Standards issued by International Accounting Standards Board (IASB) but not yet endorsed by FSC

<u>New, Amended, and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: The aforementioned new, amended and revised standards or interpretations are effective in the annual reporting period beginning on or after their respective effective dates, unless stated otherwise.

Note 2: The amendments are applicable for annual reporting periods beginning on or after January 1, 2025. Upon the initial application of the amendments, the impact will be recognized in the retained earnings as of the date of initial application. When a the Company uses the non-functional currency as the presentation currency, the impact will be adjusted to the exchange differences of foreign operations under equity as of the date of initial application.

As of the date of publication of this Parent Company Only Financial Statements, the Company continued to evaluate the impact of the amendments to the above standards and interpretations on its financial position and financial performance, which will be disclosed upon completion of the assessment.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The Parent Company Only Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

Except for financial instruments measured at fair value, the Parent Company Only Financial Statements are prepared on a historical cost basis.

The fair value measurement is classified into three levels based on the observability and importance of related input:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. deduced from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the Parent Company Only Financial Statements, the Company adopts the equity method for investment subsidiaries and associates. To make the current year's profit and loss, other comprehensive income and equity in the Parent Company Only Financial Statements the same as the current year's profit and loss, other comprehensive income and equity attributable to the owner of the Company in the consolidated financial statements of the Company, the accounting treatment differences between the individual basis and the consolidated basis are the adjustment of investments using the equity method, share of profits and losses of subsidiaries and associates using the equity method, share of other comprehensive income of subsidiaries and associates using the equity method, and related equity items.

(III) The classification criteria for assets and liabilities whether are current or non-current

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (but excluding those are restricted and used for exchange or settlement of liabilities over 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities to be settled within 12 months after the balance sheet date; and
3. Liabilities whose payment period cannot be unconditionally deferred to at least 12 months after the balance sheet date.

Assets or liabilities that are not current assets or current liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

When preparing the financial statements, where transactions are conducted in currencies other than the Company's functional currency (foreign currency), it shall be accounted for by converting into the functional currency at the exchange rate of the trading day.

Monetary items in foreign currency are converted at the closing rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items shall be recognized as profit and loss in the current period of occurrence.

Non-monetary items in foreign currency measured at fair value shall be converted at the exchange rate on the day when the fair value is determined, and the exchange difference arising therefrom shall be recognized as profit and loss of the current period, provided that, where changes in fair value are recognized as other comprehensive income, the exchange difference arising therefrom shall be recognized in other comprehensive income.

Non-monetary items in foreign currency measured at historical cost shall be converted at the exchange rate of the trading day and shall not be re-converted.

(V) Inventories

Inventories include buildings and land held for sale, properties under development, land held for construction, land prepayments, and prepayments for volume transfer. Inventories are measured at cost and net realized value, whichever is lower. Costs include capitalization costs of the necessary expenditures and borrowings incurred in bringing them to the place and condition where they are available for use. Net realizable value refers to the balance of the estimated selling price under normal business operation minus the estimated costs required for completion and the estimated costs required for completion of the sale.

Properties under development

The Company adopts the mode of self-construction for its own land or joint construction with the landlord and sell separately for the properties under development. Properties under development refer that the cost of construction works that have occurred but have not been completed, are recognized as

operating costs in the current year according to income approach, available building area ratio approach or assessed present value approach when the land sold meets the income recognition requirements after the completion of construction works, and the land and premises for sale are recognized as properties for sale.

Lands held for construction

Lands held for construction refer to the lands available for construction that are recognized as properties under development upon the active acquisition of a construction permit for the land. Net realizable value of properties under development is based on the prevailing market conditions estimated by authorities.

(VI) Investments in subsidiaries

The Company adopts the equity method to investment in its subsidiaries.

"Subsidiary" refers to any entity (including structural entity) under the control of the Company.

Under the equity method, the investment is initially recognized at cost, and the carrying amount after the date of acquisition is increased or decreased according to the Company's share of profit and loss of subsidiaries and other comprehensive income and the distribution of profits. In addition, changes in the Company's share of other equity in the subsidiaries are recognized according to the shareholding ratio.

If the change in the ownership interest of a subsidiary does not result in the loss of control, the Company accounts for it as an equity transaction. The difference between the carrying amount of an investment and the fair value of the consideration paid or received is directly recognized as equity.

When the Company's share of the loss of a subsidiary is equal to or greater than its equity in such subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term equity which are substantially part of the Company's net investment in the subsidiary), the Company shall continue to recognize the loss in proportion to its shareholding.

The amount of the acquisition cost in excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business at the acquisition date shall be recognized as goodwill, which shall be included in the carrying amount of the investment and shall not be amortized; while the amount of the Company's share of the net fair value of the identifiable

assets and liabilities of the subsidiaries constituting the business at the acquisition date in excess of the acquisition cost shall be recognized as income for the current period.

The Company evaluates the impairment by considering the cash generating units as a whole and comparing their recoverable amounts with their carrying amounts in the financial statements. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss shall be recognized as profit, provided that the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount which should have been deducted from the amortization of the asset if the impairment loss had not been recognized. Impairment loss attributable to goodwill shall not be reversed in subsequent periods.

In the event of loss of control over the subsidiary, the Company shall measure the remaining investment in the former subsidiary at the fair value on the date of loss of control, and the difference between the fair value of the remaining investment and any disposal price and the carrying amount of the investment on the date of loss of control shall be included in the current profit and loss. In addition, the Company shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities.

Unrealized gains and losses from downstream transactions between the Company and its subsidiaries shall be written off in the parent only company financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries of parties that are not related to the Company.

(VII) Investment in associates

Associate refers to an enterprise that the Company has significant influence on but is not a subsidiary or joint venture.

The Company adopts the equity method for investment in associates.

Under the equity method, the investment in associates is initially recognized at cost, and the carrying amount after the date of acquisition is increased or decreased according to the Company's share of profit and loss of associates and

other comprehensive income and the distribution of profits. In addition, equity changes in associates are recognized based on the shareholding ratio.

The amount of the acquisition cost in excess of the Company's share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date shall be recognized as goodwill, which shall be included in the carrying amount of the investment and shall not be amortized; while the amount of the Company's share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date in excess of the acquisition cost shall be recognized as the current profit and loss.

When an associate issues new shares, if the Company fails to subscribe in proportion to its shareholding ratio, resulting in a change in the shareholding ratio and a consequent increase or decrease in the net equity invested, the increase or decrease shall be adjusted to the capital surplus - changes in the net equity of the associate and investments using the equity method. However, if the ownership interest in the associate is decreased due to the failure to subscribe or acquire the shares in proportion, the amount recognized in other comprehensive income related to the associate shall be reclassified according to the decrease proportion, and basis of its accounting treatment shall be the same as the basis that the associate must follow if it directly dispose of the related assets or liabilities. If the capital surplus shall be debited for the adjustment mentioned in the preceding paragraph and the balance of the capital reserves resulting from the investment using the equity method is insufficient, the balance shall be debited to the retained earnings.

When the Company's share of the loss of an associate is equal to or greater than its equity in such associate (including the carrying amount of the associate under the equity method and other long-term equity which are substantially part of the Company's net investment in the associate), the Company shall cease to recognize further loss. The Company shall recognize additional losses and liabilities only to the extent that statutory obligations, constructive obligations or payments have been made on behalf of associates.

In the evaluation of impairment, the Company shall treat the total carrying amount (including goodwill) of the investment as a single asset to compare the recoverable amount with the carrying amount and conduct impairment test. The recognized impairment loss shall not be apportioned to any asset, including

goodwill, which forms part of the carrying amount of the investment. Any reversal of the impairment loss shall be recognized to the extent of any subsequent increase in the recoverable amount of the investment.

The Company shall discontinue the use of the equity method from the date when its investment ceases to be an associate. The retained interest of the Company in the former associate shall be measured at fair value, and the difference between the fair value and the disposal price and the carrying amount of the investment at the date the equity method was discontinued shall be included in the profit and loss of the current period. In addition, the Company shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities.

The gains or losses arising from the upstream transactions between the Company and its associates shall be recognized in the parent only company financial statements only to the extent of unrelated interests of the Company in its associate.

(VIII) Property, plant and equipment

Property, plant and equipment shall be recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment shall be depreciated separately on a straight-line basis over their useful life for each significant part. The Company shall review the estimated useful life, residual value and depreciation method at least at each financial year-end, and shall prospectively apply the effects of changes in accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of such assets shall be recognized as profit and loss.

(IX) Intangible assets

Intangible assets with limited useful life acquired separately shall be initially measured at cost, and subsequently measured at cost minus accumulated amortization and accumulated impairment losses. Intangible assets shall be amortized on a straight-line basis over their useful life. The Company shall review the estimated useful life, residual value and amortization method at least at each

financial year-end, and shall prospectively apply the effects of changes in accounting estimates.

When an intangible asset is derecognized, the difference between the net disposal price and the carrying amount of such asset shall be recognized as the profit and loss of the current period.

(X) Contract cost-related assets

The sales commission of the property sales employee shall be incurred upon the acquisition of the customer contract and, shall be recognized as the incremental cost of the acquisition to the extent of the recoverable amount, and shall be written off upon completion of the property and delivered to the customer.

Expenses directly related to a contract with customer that result in resources that will be used in the future to meet performance obligations shall be recognized as performance costs to the extent of the recoverable amount, and shall be amortized over the term of the contract at the sales ratio.

(XI) Impairment of property, plant and equipment, right-of-use asset, intangible assets and assets related to contract costs

On each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. and estimate the recoverable amount of the asset if any impairment indication. Where it is not possible to estimate the recoverable amount of an individual asset, the Company shall estimate the recoverable amount of the cash generating unit to which the asset belongs. Common assets shall be apportioned to the smallest group of cash generating units on a reasonable consistent basis.

The recoverable amount shall be the fair value minus the cost of sale or its use value, whichever is higher. If the recoverable amount of an individual asset or cash generating unit is lower than the carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, and the impairment loss shall be recognized as profit and loss.

The inventory, property, plant and equipment, and intangible assets recognized from the contract with customer shall be initially recognized as impairment according to the provisions on the impairment of inventory and the aforesaid provisions, and be subsequently recognized as losses at the carrying amount of

the contract cost-related assets less the remaining consideration expected to be collected for rendering of goods or services deducting direct related costs. the carrying amount of the contract cost-related assets shall be included in the cash generating unit for the impairment assessment of the cash generating unit.

In the event of a subsequent reversal of the impairment loss, the carrying amount of the asset or cash generating unit shall be increased to the revised recoverable amount, provided that the carrying amount increased shall not exceed the carrying amount determined if the impairment loss had not been recognized for the asset or cash generating unit in the previous year (less amortization or depreciation). The reversal of the impairment loss shall be recognized as profit and loss.

(XII) Financial instruments

The financial assets and financial liabilities shall be recognized in the parent company only balance sheet when the Company becomes a party to the terms and conditions of contract on the instrument.

When a financial asset or financial liability is initially recognized, and is not measured at fair value through profit or loss, it shall be measured at fair value plus the transaction costs directly attributable to the acquisition or issuance of such financial asset or financial liability. Transaction costs directly attributable to the acquisition or issuance of the financial asset or financial liability measured at fair value through profit and loss shall be immediately recognized as profit and loss.

1. Financial assets

Conventional transactions of financial assets shall be recognized and derecognized by the trade-date accounting.

(1) Type of measurement

Financial assets held by the Company include financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, and equity instrument investments in measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets that are measured at fair value through profit or loss mandatorily. Financial assets measured at fair value through profit or loss mandatorily include investments in equity

instruments that are not specified to be measured at fair value through other comprehensive income, and investments in debt instruments that do not qualify as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets at FVTPL are measured at fair value, with the generated dividends and interest recognized in other income and interest income respectively, and with the profits or losses arising from re-measurement are recognized in other profits and losses. Please refer to Note 19 for the method of determining the fair value.

B. Financial assets at amortized cost

A financial asset invested by the Company shall classified as financial asset measured at amortized cost if both of the following conditions are met:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, pledged certificates of deposit, pledged and mortgage deposits, notes and accounts receivables, other receivables, and refundable deposits), after initial recognition, are measured at the amortized cost of gross carrying amount as determined by the effective interest method less any impairment loss. Any gains and losses on foreign currency exchange are recognized as profit and loss.

Interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. Purchased or originated credit-impaired financial assets.

Interest revenue shall be calculated by applying the credit-

adjusted effective interest rate to the amortized cost of financial assets.

- b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. Interest revenue shall be calculated by applying the effective interest rate to the amortized cost of financial assets from the next reporting period after the impairment.

Credit-impaired financial assets refers that the issuer or debtor has suffered from significant financial difficulties or a breach of contract, the debtor is likely to enter bankruptcy or other financial reorganization, or the active market for financial assets has disappeared because of financial difficulties.

C. Investments in equity instruments measured at FVTOCI

At the time of the initial recognition, the Company may, make an irrevocable option to designate investments in equity instruments that are not held for trading and are not recognized as contingent consideration by the acquirer of the combined business to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. At the time of investment disposal, accumulated gains and losses shall be transferred directly to retained earnings and shall not be reclassified as gains and losses.

Dividends on investments in equity instruments measured at fair value through other comprehensive income shall be recognized in the profit and loss when the right to receive payments from the Company is established, unless the dividends clearly represent the recovery of part of the investment cost.

(2) Impairment of financial assets and contractual assets

On each balance sheet date, the Company shall evaluate the impairment loss on financial assets (including notes and accounts receivable) and contract assets measured at amortized cost according to the expected credit loss.

The Company shall recognize the loss allowance for notes and accounts receivable and contract assets according to the lifetime expected credit loss. For other financial assets, the Company shall first evaluate whether the credit risk has significantly increased since the initial recognition. If it has not significantly increased, the loss allowance shall be recognized according to the 12 months expected credit loss; if it has significantly increased, the loss allowance shall be recognized according to the lifetime expected credit loss.

Expected credit loss is a weighted average of credit losses with the respective risks of a default occurring as the weights. The 12 month expected credit losses represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date, while the lifetime expected credit losses represent the expected credit losses that result from all the possible default events on a financial instrument.

For the purposes of internal credit risk management, the Company, without considering the collateral it holds, determines that the following circumstances represent a default on a financial asset:

- A. There is internal or external information indicating that it is impossible for the debtor to repay the debt.
- B. It is more than 90 days overdue, unless there is reasonable and verifiable information to show that the deferred default basis is more appropriate.

The impairment loss of all financial assets is the reduction of the carrying amount of the allowance account, without decreasing its carrying amount.

(3) Derecognition of financial assets

The Company shall derecognize a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and virtually has transferred all the risks and rewards of the ownership of the asset to another enterprise.

When a financial asset measured at amortized cost is derecognized as a whole, the difference between its carrying amount and the consideration received shall be recognized as profit and loss. When the investment in equity instruments measured at fair value through other comprehensive income is derecognized as a whole, the accumulated profit and loss shall be directly transferred to the retained earnings and shall not be reclassified as profit and loss.

2. Equity instruments

Equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

Reacquiring the Company's own equity instruments is recognized and deducted under equity items. Its carrying amount is calculated based on the weighted average of the stock types. The purchase, sale, issue or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) shall be recognized as profit and loss.

(XIII) Recognition of revenue

After the performance obligations are identified in the customer contract, the Company shall apportion the transaction price among the performance obligations and recognize the revenue when the performance obligations are fulfilled.

Service revenue

Service revenue is the income generated by rendering of services under a contract and shall be recognized according to the degree of completion of the contract. The degree of completion of a contract is determined by the services performed to date as a percentage of the total services to be performed. If the retention money withheld by the customer in accordance with the terms of the contract aims at ensuring the fulfillment of all contractual obligations by the Company, it shall be regarded as a contract asset prior to the performance of contract by the Company.

Revenue from sales of buildings and land

Revenue from sales of buildings and land is the revenue generated from the development and sale of residential real estate, which is recognized when the legal title of the real estate is transferred to the customer. For the contracted sales of residential contracts, subject to the commercial practice, the real property has no other use for the Company, but until the legal ownership of the real property is transferred to the customer, the Company has an freely enforceable right to the contractual amount and therefore revenue is recognized when ownership are transferred to the customer. The pre-sale housing and land payment received in installments according to the terms of the contract is recognized as a contract liability before the Company completes the performance of the contract.

(XIV) Leases

The Company evaluates whether a contract is (or includes) a lease on the contract establishment date.

1. The Company acts as the lessor

When, in the terms of a lease, almost all the risks and rewards attached to the ownership of the asset are transferred to the lessee, the lease shall be classified as financial lease. All other leases shall be classified as operating leases.

Under an operating lease, lease payments excluding lease incentives shall be recognized as income on a straight-line basis over the relevant lease term. The initial direct costs arising from the acquisition of the operating lease are the carrying amount added to the underlying asset and shall be recognized as expenses on a straight-line basis over the lease term.

2. The Company acts as the lessee

Except for the leases of the low-value underlying assets for which the recognition exemption is applicable and the lease payments for short-term leases shall be recognized as expenses on a straight-line basis over the lease term, all other leases shall be recognized as right to use assets and lease liabilities on the commencement date of the lease.

Right to use assets shall be measured at initial cost (including the amount of lease liabilities initially measured, the lease payments minus lease incentives prior to the commencement date of the lease, the initial direct costs and the estimated cost of recovery of the underlying asset), and subsequently measured at cost minus accumulated depreciation and accumulated impairment losses, and the remeasurement of lease liabilities shall be adjusted. Right to use assets shall be expressed separately in the balance sheet.

The right to use assets shall be depreciated on a straight line basis from the commencement date of the lease to the expiration of the service life of the use right assets or the expiration of the lease term, whichever is earlier.

Lease liabilities shall be initially measured as the present value of lease payments (including fixed payments). If the implied interest rate on the lease is easy to determine, the lease payment shall be discounted using such interest rate. If the interest rate is not easy to determine, the lessee incremental borrowing rate shall be applied.

Subsequently, the lease liabilities shall be measured at amortized cost by using the effective interest method and the interest expense shall be apportioned over the lease term. If changes in the lease period or the index or rate used to determine the lease payment result in changes in the future lease payment, the Company shall re-measure the lease liability and adjust the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the amount of remaining remeasurement is recognized in profit or loss. Lease liabilities shall be expressed separately in the balance sheet.

(XV) Borrowing costs

The borrowing costs of acquiring, constructing or producing an asset that meets the requirements is part of the cost of the asset until nearly all the activities necessary for the asset to be in a state for intended use or sale have been completed. The investment income derived from the temporary investment of certain borrowings prior to the occurrence of capital expenditure meeting the requirements shall be deducted from the borrowing costs eligible for capitalization.

In addition to the above, all other borrowing costs shall be recognized as profit and loss in the current period.

(XVI) Employees' benefits

1. Short-term employee benefits

Short-term employee benefit-related liabilities shall be measured at non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The pension to be allocated of defined contribution pension plan shall be recognized as expenses during the period of service provided by the employee.

(XVII) Income tax

Income tax expenses are the sum of current income tax and deferred income tax.

1. Current tax

The additional income tax on undistributed earnings calculated in accordance with the Income Tax Act of the Republic of China shall be recognized in the year of the resolution of the shareholders' meeting.

The adjustment of income tax payable in previous years shall be included in the current income tax.

2. Deferred income tax

Deferred income tax shall be calculated based on the temporary difference between the carrying amount of assets and liabilities accounted and the tax basis for calculating taxable income.

Deferred income tax liabilities shall be generally recognized for all taxable temporary differences, whereas deferred income tax assets shall be recognized when it is probably that tax income will be available for the

income tax credits resulting from expenditures such as deductible temporary differences.

Taxable temporary differences related to investment subsidiaries shall be recognized as deferred income tax liabilities, except when the Company can control the reversal of the temporary differences and it is likely that such temporary differences will not be reversed in the foreseeable future. Temporary differences in relation to such investments shall be recognized as deferred income tax assets only when it is likely that there will be sufficient taxable income to realize the temporary differences, and to the extent of the expected reversal in the foreseeable future.

The carrying amount of the deferred income tax assets shall be reviewed at each balance sheet date and the carrying amount shall be reduced in cases where it is no longer likely that sufficient taxable income will be available to recover all or part of the assets. Where it is not previously recognized as deferred income tax assets, it shall be reviewed at each balance sheet date, and the carrying amount shall be increased in cases where it is likely that taxable income will be available in the future to recover all or part of the assets.

Deferred income tax assets and tax rate for the liquidation of accrued liabilities or the realization of assets in the current period, which is based on the tax rate and tax law enacted or substantially enacted at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the way in which the Company expects to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred income taxes

Current and deferred income taxes shall be recognized in profit and loss, while the current and deferred income taxes related to items recognized in other comprehensive income or directly recognized in equity shall be recognized in other comprehensive income or directly recognized in equity respectively.

V. Significant accounting judgments and assumptions, and major sources of estimation uncertainty

When the Company adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for relevant information that are not readily available from other sources. Actual results may differ from original estimates.

Accrued impairment of land held for construction and properties under development

The carrying amount of land held for construction and properties under development is significant to the overall financial statements. Where there is indication of impairment on the land held for construction and properties under development, it shall be assessed on the basis of the recoverable amount (i.e. the fair value of such assets less the cost of sale or its use value, whichever is higher). Changes in market prices or future cash flows will affect the recoverable amount of such assets, which may result that the Company has to recognize additional impairment losses or reverse the recognized impairment losses.

VI. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Checking accounts and demand deposits	\$ 2,263,615	\$ 1,383,423
Cash on hand	9,010	8,702
Cash equivalents		
Time deposits with original maturity date within 3 months	-	30,000
	<u>\$ 2,272,625</u>	<u>\$ 1,422,125</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Domestic listed (OTC) stocks and Emerging stocks	\$ 242,122	\$ 13,560
Domestic listed private placement stocks	477,161	225,290
Domestic unlisted (non-OTC) stocks	-	3,981
Co-investment equity jointly held (Note)	197,423	156,918
Investment in debt instruments	12,872	12,657
Fund beneficiary certificates	-	6,158
Convertible corporate bonds	10,000	-
	<u>\$ 939,578</u>	<u>\$ 418,564</u>

Note: To create operational efficiencies in the core business, the Company participates in a joint venture with a construction company to jointly invest in the construction of the following:

- (1) The Company participated in the investment of Construction Company A in the construction project in Dunhua section of Songshan District, Taipei (hereinafter referred to as the project(1)) and signed a joint investment and construction agreement with Construction Company A, with the rights and responsibilities divided into 80% for Construction Company A and 20% for the Company. The owner who purchased the land of the project registered in the name of A Company, while A Company would be responsible for the application, filings and decision processes in connection with the project, and the execution of the related contracts. In the future, the project will be developed and designed comprehensively by A Company to build houses. Both parties agreed to sell these houses on behalf of the Company. The Company does not exercise control or significant influence over the activities related to Project (1). Therefore, it has chosen to designate these investments as measured at fair value through profit or loss.

Please refer to Note 21 for information on the pledging properties as guarantees for borrowings.

VIII. Financial assets at fair value through other comprehensive income – non-current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment in equity instruments		
Domestic listed (OTC) stocks and Emerging stocks	\$ 8,237	\$ 80,584
Domestic listed private placement stocks	364,236	175,260
Domestic unlisted (non-OTC) stocks	<u>267,645</u>	<u>352,491</u>
	<u>\$ 640,118</u>	<u>\$ 608,335</u>

The Company invests in the above investments for medium-term and long-term strategies and expects to make profits through the long-term investments. The management of the Company considers that the inclusion of short-term fluctuations in the fair value of such investments in the profit and loss is inconsistent with the foregoing long-term investment plan, and therefore chooses to designate such investments as measured at fair value through other comprehensive income.

Please refer to Note 21 for information on the pledging properties as guarantees for borrowings.

IX. Notes and accounts receivables, and long-term receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes and accounts receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 695,150	\$ 775,654
Less: Allowance for loss	(<u>12,766</u>)	(<u>4,895</u>)
	<u>\$ 682,384</u>	<u>\$ 770,759</u>

(I) Notes and accounts receivables

The average credit period for the Company's rendering of services was 90 days. The Company recognizes loss allowance for notes and accounts receivable in accordance with lifetime expected credit loss. Lifetime expected credit losses are calculated based on the provision matrix which accounts for the customer's past default records, current financial position, and economic conditions in the industry. GDP forecasts and the outlook of the industry are also considered. Since the Company's historical experience of credit loss indicates no significant difference in the loss patterns between the various customer segments, the Company does not classify customers into different segments but determines the expected credit loss rate based on the overdue days of notes and accounts receivable.

The Company writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For notes and accounts receivable that has been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Analysis of loss allowance for notes and accounts receivable based on the provisional matrix is as follows:

December 31, 2023

	<u>Not past due</u>	<u>Overdue 1 to 90 days</u>	<u>Overdue 91 to 120 days</u>	<u>Overdue 121 to 180 days</u>	<u>Over 180 days past due</u>	<u>Total</u>
Total carrying amount	\$ 523,324	\$ 90,997	\$ 24,704	\$ 520	\$ 55,605	\$ 695,150
Allowance for loss	(613)	(1,212)	(1,509)	(54)	(9,378)	(12,766)
Amortized cost	<u>\$ 522,711</u>	<u>\$ 89,785</u>	<u>\$ 23,195</u>	<u>\$ 466</u>	<u>\$ 46,227</u>	<u>\$ 682,384</u>

December 31, 2022

	<u>Not past due</u>	<u>Overdue 1 to 90 days</u>	<u>Overdue 91 to 120 days</u>	<u>Overdue 121 to 180 days</u>	<u>Over 180 days past due</u>	<u>Total</u>
Total carrying amount	\$ 563,319	\$ 167,527	\$ 40,958	\$ -	\$ 3,850	\$ 775,654
Allowance for loss	(456)	(2,233)	(1,607)	-	(599)	(4,895)
Amortized cost	<u>\$ 562,863</u>	<u>\$ 165,294</u>	<u>\$ 39,351</u>	<u>\$ -</u>	<u>\$ 3,251</u>	<u>\$ 770,759</u>

Changes in loss allowance for notes and accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 4,895	\$ 3,535
Add: Impairment loss recognized for the year	<u>7,871</u>	<u>1,360</u>
Ending balance	<u>\$ 12,766</u>	<u>\$ 4,895</u>

(II) Long-Term receivables

The long-term receivable on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
UMAX SYSTEMS GmbH (Germany)	\$ 138,938	\$ 138,938
Less: Allowance for loss	<u>138,938</u>	<u>138,938</u>
Net balance	<u>\$ -</u>	<u>\$ -</u>

Themovements of the loss allowance of long-term receivables were as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 138,938	\$ 156,904
Less: Reversal on impairment loss for the year	<u>-</u>	<u>(17,966)</u>
Ending balance	<u>\$ 138,938</u>	<u>\$ 138,938</u>

In December 2009, the Company appointed a lawyer to file a claim settlement lawsuit against UMAX SYSTEMS GmbH (Germany) (USG Corporation)'s long-term receivable amounted to NT\$156,904 thousand. Also, in July 2010, a

judgment was received from the German local court in favor of the lawsuit. USG Company gave up appealing against the aforementioned judgment, so the Company appointed a lawyer to initiate a compulsory enforcement procedure on the assets of USG Company to the court. The local court in Germany will enforce the debt settlement against USG in accordance with the law. However, if USG's assets are insufficient to pay off its debts, USG will about to filing for bankruptcy. In this case, the court will equally distribute the remaining property to the creditors based on the proportion of creditors' claims on USG. Due to it is difficult to reasonably estimate the recoverable amount of creditor's rights that can be liquidated, all of the above-mentioned accounts was recorded as the bad debt loss in 2010 based on the principle of prudence and conservatism.

After the enforcement against USG's property, the Company obtained part of the amount of EUR1,123 thousand (approximately NT\$43,346 thousand) in January 2011. According to the Bankruptcy Code of Germany, if the Company knows that USG is in bankruptcy when it initiates compulsory enforcement execution, the bankruptcy administrator can request the Company to return the money it has obtained. In July 2010, USG obtained the judgment of the local court in Germany and lost the case. The Company also proposed compulsory enforcement procedures. USG then filed a bankruptcy application to the court in Germany in January 2011. According to the law, the bankruptcy administrator can file a lawsuit against the Company in the local court in Germany within 3 years. After winning the case in the local court in Germany, the Company will be requested for the return of the money obtained from the enforcement.

In addition, the court in Germany started the tentative bankruptcy procedure (*vorläufige Insolvenzverwaltung*) of USG in January 2011. The Company also declared the debt in April 2011 on the balance of the original account receivable amounted to EUR3,428 thousand (approximately NT\$156,904 thousand) deducting the aforementioned distribution of EUR1,123 thousand in a favor of USG's bankruptcy administrator to prepare a creditor's rights statement as a basis for subsequent distribution. According to the assessment of the bankruptcy administrator's report, the amount that the Company can be repaid when participating in the distribution of bankruptcy claims in June 2011 should exceed the currently allocated distribution of EUR1,123 thousand due to the compulsory enforcement based on the original accounts receivable of EUR3,428 thousand.

Therefore, 43,346 thousand of gain on bad debt recovery were recognized in 2011 based on the amounts.

In December 2012, the Company received a request from the local court in Germany to return the originally allocated distribution of EUR1,123 thousand due to the compulsory enforcement. Also, in June 2014, the judgment of the first instance was obtained which was lost. The full amount of the above amount was set aside as allowance of bad debt based on the principle of prudence. Also, a lawyer was appointed to appeal in the second instance. Subsequently, the appeal was withdrawn in April 2015, and the related money was returned. The assets that can be distributed in the future were to be notified by the bankruptcy administrator. In the end, the Company was allocated NT\$17,966 thousand of the remaining creditor's rights in November 2022, so the gain on reversal of expected credit loss was recognized.

X. Inventories (applicable to the construction industry)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Lands held for construction</u>		
Fengming section, Yingge (3)	\$ -	\$ 100,298
Fuqian section, Tainan	649,772	675,504
Xinbei section, Tainan	488,277	478,052
Xin-xing section, Banqiao	747,694	695,908
Jhenfu section, Taichung	-	570,963
Houbitian section, Kaohsiung(2)	315,501	301,077
Letian section, Taichung - Volume transfer land	98,077	98,077
Letian section, Taichung	468,165	-

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	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Properties under development</u>		
Xinhua section, Xinzhuang	\$ 570,356	\$ 556,495
Chuangyan section, Taichung	-	1,161,387
Nangang section, Taipei	744,057	642,768
Xinzhi section, Xinzhuang	677,883	661,774
Fengming section, Yingge (2)	38,645	37,706
Laicuobu section, Taichung	691,760	675,152
Dunhua section, Taipei	873,562	815,917
Pingtian section, Taichung	480,049	468,827
Taichung New High Speed Rail Section	641,649	625,008
Houbitian section, Kaohsiung(1)	255,579	98,930
Fengming section, Yingge (3)	128,502	-
Jhenfu section, Taichung	585,795	-
<u>Buildings and land held for sale</u>		
Chuangyan section, Taichung	146,098	-
<u>Prepayments for land</u> (Note 3)		
Letian section, Taichung	-	91,138
<u>Prepayments for volume transfer</u>		
Jhenfu section, Taichung— monetary substitution of volume transfer	145,016	145,016
Houbitian section, Kaohsiung(1)— monetary substitution of volume transfer	-	9,467
Fengming section, Yingge (3)— monetary substitution of volume transfer	-	24,947
	<u>\$ 8,746,437</u>	<u>\$ 8,934,411</u>

- (I) The above construction sites were acquired for residential development.
- (II) In order to ensure the smooth completion of construction project, delivery of housing units and compliance with the performance guarantee provisions of the trust, the Company will proceed with the trust deed for properties under construction. As of December 31, 2023, the projects with signed and not yet terminated trust deed and the types of trust deed signed are summarized as follow:

Name of project	Type of trust	Trust Bank
Xinhua section, Xinzhuang	Real estate development trust	Mega International Commercial Bank
Nangang section, Taipei	Real estate development trust	Taiwan Cooperative Bank
Xinzhi section, Xinzhuang	Real estate development trust	Bank SinoPac
Fengming section, Yingge (2)	Real estate development trust	Land Bank of Taiwan
Dunhua section, Taipei	Real estate development trust	Taishin International Commercial Bank
Laicuobu section, Taichung	Real estate development trust	Chang Hwa Commercial Bank
Pingtian section, Taichung	Real estate development trust	Hua Nan Bank
Taichung New High Speed Rail Section	Real estate development trust	Taiwan Cooperative Bank
Houbitian section, Kaohsiung(1)	Charitable Trust	DBS Bank
Fengming section, Yingge (3)	Real estate development trust	Taiwan Cooperative Bank
Jhenfu section, Taichung	Real estate development trust	Land Bank of Taiwan

The Company commissioned the trustee to carry out fund management, property management, the payment of financing borrowings, necessary expenses incurred due to the trust and various taxes.

- (III) The prepayments for land above were for the land contract payments for future operations and property development sales plan of the Company.
- (IV) Please refer to Note 21 for information on the pledging properties as guarantees for borrowings.

XI. Investments Using the Equity Method

(I) Investments in subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Hi-Yes Construction Co., Ltd.	\$ 984,194	\$ 950,445
Haixia Construction Co., Ltd.	142,039	146,659
Haixin International Co., Ltd.	331,883	295,849
Haiju Development Co., Ltd.	825,643	672,568
Haihui Construction Co., Ltd.	61,789	40,204
Hiyu International Co., Ltd.	774,107	491,300
NanYue Construction Co., Ltd.	49,761	57,242
Jin Yutai Co., Ltd.	<u>1,117,588</u>	<u>635,682</u>
	<u>\$ 4,287,004</u>	<u>\$ 3,289,949</u>

Credit balance of investments using the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Haiyan Construction Co., Ltd.	<u>\$ 99,429</u>	<u>\$ 75,776</u>

As for the statements of subsidiaries held indirectly by the Company, refer to Table 6 and Statement 3.

Name of subsidiaries	Percentage of ownership interest and voting rights		Description
	December 31, 2023	December 31, 2022	
Hi-Yes Construction Co., Ltd.	100.00%	100.00%	1
Haixia Construction Co., Ltd.	100.00%	100.00%	2
Haixin International Co., Ltd.	85.00%	85.00%	-
Haiyan Construction Co., Ltd.	70.00%	70.00%	-
Haiju Development Co., Ltd.	85.00%	85.00%	-
Haihui Construction Co., Ltd.	100.00%	100.00%	-
Hiyu International Co., Ltd.	85.00%	85.00%	-
NanYue Construction Co., Ltd.	75.00%	75.00%	3
Jin Yutai Co., Ltd.	56.23%	53.58%	4

Note:

1. The Company increased the cash capital amounted to NT\$100,000 thousand and NT\$600,000 thousand to Hi-Yes Construction Co., Ltd. in 2023 and 2022, respectively, and the shareholding ratio remains unchanged after the capital increase.
2. The Company increased the cash capital amounted to NT\$110,000 thousand to Haixia Construction Co., Ltd. in November 2022, and the shareholding ratio remains unchanged after the capital increase.
3. The Company increased the cash capital amounted to NT\$30,000 thousand to NanYue Construction Co., Ltd. in April 2022, and the shareholding ratio remains unchanged after the capital increase.
4. The Company increased the cash capital amounted to NT\$506,973 thousand and NT\$348,255 thousand to Jin Yutai Co., Ltd. in 2023 and 2022, and the total shareholding ratio was 56.23% after the capital increase.

Share of profits or losses and other comprehensive income of subsidiaries under equity method for 2023 and 2022 are recognized based on the financial statements of each subsidiary audited by CPA for the same period.

(II) Investment in associates

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates not individually significant		
JP Vendome Co., Ltd.	\$ 4,289	\$ 4,289
Liansheng Investment Co., Ltd.	74,323	73,560
Shenghua Development Co., Ltd.	<u>60,000</u>	<u>60,000</u>
	<u>\$ 138,612</u>	<u>\$ 137,849</u>
	Percentage of ownership interest and voting rights	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
JP Vendome Co., Ltd.	30%	30%
Liansheng Investment Co., Ltd.	20%	20%
Shenghua Development Co., Ltd.	20%	20%

Please refer to Table 6 for information on the nature of business, its area of operations, and country of company registry of the above affiliates.

The abovementioned share of profits and losses and other comprehensive income enjoyed by the Company in respect of the investments in associates using the equity method shall be recognized according to the financial statements of each subsidiary audited by the CPAs for the same period. However, the management of the Company considers that the financial statements of the invested companies have not been audited by the CPAs, thus there is no significant impact.

XII. Borrowings

(I) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loans (Note 21)	\$ 501,000	\$ 457,400
Unsecured bank loans	<u>1,212,000</u>	<u>1,130,000</u>
	<u>\$ 1,713,000</u>	<u>\$ 1,587,400</u>

Interest rate of revolving bank loan was 2.25%~3.36% and 2.13%~2.94% as of December 31, 2023 and 2022, respectively.

(II) Short-term notes and bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial promissory notes payable	\$ 238,000	\$ 238,000
Less: discount on short-term notes and bills payable	(<u>929</u>)	(<u>864</u>)
	<u>\$ 237,071</u>	<u>\$ 237,136</u>

Short-term notes and bills payable which are not yet due are as follows:

December 31, 2023

Guarantee/ acceptance institution	Face value	Discount amount	Carrying amount	Range of interest rate	Collateral description	Carrying amount of collateral security
<u>Commercial promissory notes payable</u>						
Syndicated loan						
Taiwan						
Cooperative Bank	\$ 39,600	\$ 53	\$ 39,547			
Mega International Bank	39,600	53	39,547	1.76%	Land	<u>\$744,057</u>
Hua Nan Bank	4,400	6	4,394			
Agricultural Bank of Taiwan	4,400	6	4,394			
China Bills	<u>150,000</u>	<u>811</u>	<u>149,189</u>	2.74%	-	-
	<u>\$238,000</u>	<u>\$ 929</u>	<u>\$237,071</u>			

December 31, 2022

Guarantee/ acceptance institution	Face value	Discount amount	Carrying amount	Range of interest rate	Collateral description	Carrying amount of collateral security
<u>Commercial promissory notes payable</u>						
Syndicated loan						
Taiwan						
Cooperative Bank	\$ 39,600	\$ 55	\$ 39,545			
Mega International Bank	39,600	55	39,545	1.54%	Land	<u>\$642,768</u>
Hua Nan Bank	4,400	6	4,394			
Agricultural Bank of Taiwan	4,400	6	4,394			
China Bills	<u>150,000</u>	<u>742</u>	<u>149,258</u>	2.44%	-	-
	<u>\$238,000</u>	<u>\$ 864</u>	<u>\$237,136</u>			

(III) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loans</u> (Note 21)		
Pledged loans		
— Bank loans	\$ 4,780,020	\$ 5,252,260
Loans guaranteed by the Chairman		
— Bank loans	3,388,942	2,624,400
<u>Unsecured loans</u>		
— Bank loans	<u>650,000</u>	<u>750,000</u>
	8,818,962	8,626,660
Less: Portion due within one year	(<u>2,051,744</u>)	(<u>2,269,758</u>)
	<u>\$ 6,767,218</u>	<u>\$ 6,356,902</u>

Interest rate of long-term bank loan was 2.37%~3.15% and 2.07%~2.78% as of December 31, 2023 and 2022, respectively.

XIII. Post-employment benefits Plans

The "Labor Pension Act" applicable to the Company is a defined contribution plan under government administration that contributes 6% of employees' monthly salary to their personal accounts at the Bureau of Labor Insurance. Please refer to Note 16 for the contributions made by the Company in accordance with the specified percentages of the defined contribution plans.

XIV. Equity interest

(I) Share capital

1. Ordinary shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousands)	<u>300,000</u>	<u>300,000</u>
Authorized capital stock	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousand shares)	<u>117,108</u>	<u>117,108</u>
Share capital issued	<u>\$ 1,171,081</u>	<u>\$ 1,171,081</u>

The par value of ordinary shares issued were NT\$10 per share. Each share is entitled to the right to vote and receive dividend.

On June 17, 2022, the shareholders' meeting resolved to issue 10,646 thousand new shares with a par value of NT\$10 per share by distributing stock dividends from the surplus, resulting in a paid-in capital of NT\$1,171,081 thousand. The above-mentioned capitalization of surplus was approved by the FSC on July 7, 2022, and the Board of Directors resolved that August 8, 2022 should be the ex-rights base date.

2. Preferred shares

In March 2021, the board of directors approved the Company's cash capital increase to issue preferred shares. This case was declared effective by Jin Guan Zheng Fa Zi No. 1100342890 of the Financial Supervisory Commission on May 26, 2021. Also, the capital increase recordation date is August 7, 2021. 30,000 thousand shares of preferred shares were issued in cash, with a face value of NT\$10 per share and an issue price of NT\$40 per share for an annual rate of 4% of preferred shares (based on a five-year IRS rate of 0.62275% + a fixed overweight rate of 3.37725%). A five-year IRS rate shall be reset on the next business day after five years from the issue date and every five years thereafter. Preferred shareholders of the Company have no voting and election rights at ordinary shareholders' meetings, but they have the right to vote in preferred shareholders' meetings and matters against to the rights and obligations of preferred shareholders. The Company has the discretion to distribute dividends on preferred shares. If the Company's annual final accounts have no earnings or the earnings is insufficient to distribute the dividends on preferred shares or other necessary considerations, the Board of Directors may decide not to distribute the dividends on preferred shares, which does not constitute a breach of contract. While the non-cumulative dividends distributions are resolved not to be distributed or be distributed for insufficient dividends, it shall not be accumulated and will be deferred in subsequent years if there is earnings. The Company's preferred shares have no maturity date. However, the Company may call in all or part of the preferred shares at any time from the day following the five-year expiration date at the original actual issue price. Preferred shares are not converted into ordinary shares. Preferred shareholders shall not request the Company to call in the preference shares they hold.

(II) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to cover</u> <u>deficiencies, to issue</u> <u>cash, or to contribute</u> <u>to capital. (Note)</u>		
Premium on conversion of corporate bonds	\$ 384,377	\$ 384,377
Premium on issuance of shares	900,000	900,000
Expired stock options	26	26
<u>May only be used to</u> <u>offset deficits</u>		
Dividends unclaimed by shareholders after lapse of time	40	40
Exercise of disgorgement	788	788
	<u>\$ 1,285,231</u>	<u>\$ 1,285,231</u>

Note: Such capital surplus may be used to offset losses and may also be used to distribute cash or allocate to share capital when the Company has no losses; however, when allocated to share capital, it is subject to an annual limit based on a certain percentage of paid-in capital.

(III) Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's Articles of Incorporation, provided that the Company has net profit for the current year, it shall be first used to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated as dividends in accordance with a proposal for profit distribution as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. For the policies on distribution of employees' compensation and remuneration of directors, please refer to Note 16 (5) (Employees' Compensation and Remuneration of Directors).

In accordance with the Company's Articles of Incorporation, dividends may be distributed in the form of cash or stock, among which cash dividends shall not be less than 10% of the total dividends.

The legal capital reserve shall be supplemented until the balance reaches the Company's total paid-in capital. The legal capital reserve may be used to make up for losses. When the Company has no loss, the portion of the legal capital reserve that exceeds 25% of the total paid-in capital may be appropriated in cash in addition to being transferred to share capital.

The Company only provides for unappropriated earnings in the previous period when special reserve is appropriated based on the net deduction of other interests accumulated in the previous period.

The Company shareholder meetings on June 16, 2023, and June 17, 2022, respectively, and approved the profit distribution proposals for the fiscal years 2022 and 2021 as follows:

	Earnings distribution proposal		Dividends per share (NT\$)	
	2022	2021	2022	2021
Legal capital reserve	\$ 98,127	\$ 176,244		
Cash dividends of preferred shares	48,000	13,282	\$ 1.6	\$ 0.44
Share dividends of ordinary shares	-	106,461	-	1
Cash dividends of ordinary share	579,846	745,234	5	7

On March 15, 2024, the Board of Directors of the Company planned a resolution on the surplus distribution proposal for the year 2023 as follows:

	Earnings distribution proposal	Dividends per share (NT\$)
Legal capital reserve	\$ 170,919	
Cash dividends of preferred shares	48,000	\$ 1.6
Share dividends of ordinary shares	231,938	2
Cash dividends of ordinary share	811,784	7

The appropriations of earnings for the year ended December 31, 2023 are subject to the resolution of the shareholders' meeting planned to be held in 2024.

(IV) Treasury shares

Unit: Thousand shares

Reason for Buyback	Number of Shares at January 1	Increase in the current year	Transfer for the year	Number of Shares at December 31
<u>2023</u>				
Shares transferred to employees	<u>1,139</u>	<u>-</u>	<u>-</u>	<u>1,139</u>
<u>2022</u>				
Shares transferred to employees	<u>-</u>	<u>1,139</u>	<u>-</u>	<u>1,139</u>

Treasury shares held by the Company may be neither pledged nor assigned rights such as dividend appropriation and voting rights in accordance with the Securities and Exchange Act.

XV. Income

(I) Disaggregation of revenue from customer contracts

	<u>2023</u>	<u>2022</u>
Revenue from sales of buildings and land	\$ 1,539,607	\$ 25,010
Service revenue	2,827,377	2,597,727
Other operating income	<u>23,810</u>	<u>-</u>
	<u>\$ 4,390,794</u>	<u>\$ 2,622,737</u>

(II) Contract balance

Contract assets refer to certain payments retained by the customer as specified in the contract to ensure that the Company adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations. The pre-sale housing and land payment received in installments according to the terms of the contract is recognized as a contract liability before the Company completes the performance of the contract. Please refer to the information stated in the parent company only balance sheets for relevant balances.

Changes in contract assets and contract liabilities are caused mainly by the difference of timing between when performance obligations are fulfilled and when customers makes payments.

(III) Contract cost-related assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Incremental costs of obtaining contracts	<u>\$ 107,885</u>	<u>\$ 130,818</u>
Contract performance costs		
Agent AA1010	\$ 69,533	\$ 68,022
Agent AA1104	42,817	55,598
Agent AA1106	38,591	49,882
Agent AA1201	29,332	-
Agent AA1006	27,815	57,739
Agent AA1012	25,752	54,734
Agent AA1108	20,424	47,177
Agent AA0910	15,146	40,536
Agent AA0915	8,323	44,560
Agent AA1005	3,295	45,579
Others	<u>167,519</u>	<u>264,239</u>
	<u>\$ 448,547</u>	<u>\$ 728,066</u>

XVI. Comprehensive income

(I) Other gains and losses

	<u>2023</u>	<u>2022</u>
Net financial assets profit (loss) at fair value through profit or loss	\$ 342,228	(\$ 47,149)
Foreign exchange gains - net	71	6,757
Others	(<u>15,495</u>)	(<u>34,645</u>)
	<u>\$ 326,804</u>	(<u>\$ 75,037</u>)

(II) Finance costs

	<u>2023</u>	<u>2022</u>
Interest on bank borrowings	\$ 278,573	\$ 181,531
Interest on lease liabilities	<u>132</u>	<u>216</u>
	278,705	181,747
Less: amounts included in the cost of the required assets	(<u>209,213</u>)	(<u>142,173</u>)
	<u>\$ 69,492</u>	<u>\$ 39,574</u>

Information on the capitalization of interest is as follows:

	<u>2023</u>	<u>2022</u>
Amount of capitalization of interest	\$ 209,213	\$ 142,173
Interest rate of capitalization of interest	2.25%~3.37%	2.07%~2.94%

(III) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Depreciation expenses summarized by function		
Operating expenses	<u>\$ 11,936</u>	<u>\$ 11,606</u>
Amortization expenses summarized by function		
Operating expenses	<u>\$ 344</u>	<u>\$ 1,315</u>

(IV) Employee benefit expenses

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 340,479	\$ 298,057
Post-employment benefits (Note 13)		
Defined contribution plans	<u>6,437</u>	<u>7,005</u>
Total employee benefits	<u>\$ 346,916</u>	<u>\$ 305,062</u>
Summarized by functions		
Operating expenses	<u>\$ 346,916</u>	<u>\$ 305,062</u>

(V) Employee compensations and remuneration for Directors

In accordance with the Company's Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

Accrual ratio

	<u>2023</u>	<u>2022</u>
Employee remuneration	1%	1%
Remuneration to directors and supervisors	1%	1%

Amount

	<u>2023</u>	<u>2022</u>
	<u>Cash</u>	<u>Cash</u>
Employee remuneration	\$ 19,263	\$ 11,357
Remuneration to directors and supervisors	19,263	11,357

If changes are made to the amount after the publication of the annual Parent Company Only financial statements, they apply in accordance with accounting estimation changes and will be included in the financial statements of the following year.

The actual employee' compensation and remuneration to directors and supervisors in 2022 and 2021 were consistent with the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

Information about employees' compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System of Taiwan Stock Exchange.

XVII. Income tax

- (I) Major components of income tax expenses recognized in profit or loss are as follows:

	<u>2023</u>	<u>2022</u>
Current tax		
Generated in the current year	\$ 219,287	\$ 138,803
Land value increment tax	-	708
Additional income tax on unappropriated earnings	12,765	36,061
Adjustments for prior years	<u>367</u>	<u>3,048</u>
Income tax expenses recognized in profit or loss	<u>\$ 232,419</u>	<u>\$ 178,620</u>

The adjustment of accounting income and income tax expense is as follows:

	<u>2023</u>	<u>2022</u>
Net income before tax	<u>\$ 1,887,783</u>	<u>\$ 1,113,014</u>
Income tax expense for net income before tax is calculated at the statutory rate	\$ 377,556	\$ 222,603
Net non-deductible expense and loss on tax	187	72
Tax-free income	(200,764)	(71,726)
Additional income tax on unappropriated earnings	12,765	36,061
Unrecognized deductible temporary differences	42,308	(12,146)
Adjustments on current income tax expense of previous years in current year	367	3,048
Land value increment tax	<u>-</u>	<u>708</u>
Income tax expenses recognized in profit or loss	<u>\$ 232,419</u>	<u>\$ 178,620</u>

(II) Current income tax assets and liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax liabilities		
Income tax payable	<u>\$ 160,244</u>	<u>\$ 60,432</u>

(III) Deductible temporary differences that are not recognized as deferred tax assets in the Parent Company Only Balance Sheets.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences		
Bad debts exceeding the limit	\$ 5,814	\$ -
Impairment loss	<u>37,130</u>	<u>37,130</u>
	<u>\$ 42,944</u>	<u>\$ 37,130</u>

(IV) Income tax assessments

The Company's declarations of business income tax filed before the end of 110 have been approved by the tax collection authorities.

XVIII. Earnings per share

The net income for the purpose of calculating earnings per share (EPS) and the weighted average number of ordinary shares are as follows:

Net income for the period

	<u>2023</u>	<u>2022</u>
Net income for the period	\$ 1,655,364	\$ 934,394
Less: Dividends on preferred share	(<u>48,000</u>)	(<u>13,282</u>)
Net income used for calculating basic/diluted earnings per share	<u>\$ 1,607,364</u>	<u>\$ 921,112</u>

Number of shares

Unit: Thousand shares

	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares for the purpose of calculating basic EPS	115,969	116,951
Potential impact on ordinary shares with dilutive effect:		
Employee remuneration	<u>245</u>	<u>220</u>
Weighted average number of ordinary shares for the purpose of calculating diluted EPS	<u>116,214</u>	<u>117,171</u>

If the Company chooses to offer employees' compensation or share profits by way of cash or stock, then while calculating the diluted EPS, and assuming that the compensation is paid in the form of stock, the dilutive potential ordinary shares will be included in the weighted average number of outstanding shares to calculate the diluted EPS.

XIX. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

The management of the Company considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Domestic listed (OTC) stocks and Emerging stocks	\$ 242,122	\$ -	\$ -	\$ 242,122
Domestic listed private placement stocks	-	477,161	-	477,161
Co-construction investment equity	-	-	197,423	197,423
Investment in debt instruments	12,872	-	-	12,872
Convertible corporate bonds	-	-	10,000	10,000
Total	<u>\$ 254,994</u>	<u>\$ 477,161</u>	<u>\$ 207,423</u>	<u>\$ 939,578</u>

Financial assets at fair value
through other comprehensive
income

Investment in equity instruments				
— Domestic listed (OTC) stocks and Emerging stocks	\$ 8,237	\$ -	\$ -	\$ 8,237
— Domestic listed private placement stocks	-	364,236	-	364,236
— Domestic unlisted (non-OTC) stocks	-	-	267,645	267,645
Total	<u>\$ 8,237</u>	<u>\$ 364,236</u>	<u>\$ 267,645</u>	<u>\$ 640,118</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Domestic listed (OTC) stocks and Emerging stocks	\$ 13,560	\$ -	\$ -	\$ 13,560
Domestic listed private placement stocks	-	225,290	-	225,290
Domestic unlisted (non-OTC) stocks	-	-	3,981	3,981
Co-construction investment equity	-	-	156,918	156,918
Investment in debt instruments	12,657	-	-	12,657
Fund beneficiary certificates	6,158	-	-	6,158
Total	<u>\$ 32,375</u>	<u>\$ 225,290</u>	<u>\$ 160,899</u>	<u>\$ 418,564</u>

Financial assets at fair value
through other comprehensive
income

Investment in equity instruments				
— Domestic listed (OTC) stocks and Emerging stocks	\$ 80,584	\$ -	\$ -	\$ 80,584
— Domestic listed private placement stocks	-	175,260	-	175,260
— Domestic unlisted (non-OTC) stocks	-	-	352,491	352,491
Total	<u>\$ 80,584</u>	<u>\$ 175,260</u>	<u>\$ 352,491</u>	<u>\$ 608,335</u>

There were no transfers between Levels 1 and 2 fair value measurement for 2023 and 2022.

2. Valuation techniques and inputs measured at Level 2 fair value

<u>Categories of financial instruments</u>	<u>Valuation techniques and inputs</u>
Domestic listed stocks - private placement stocks	The fair value of a financial asset was estimated based on the observable stock prices and considered illiquidity discount at the end of the period.

3. Valuation techniques and inputs measured at Level 3 fair value

There were no unlisted (non-OTC) stock in the active market or co-construction investment equity; thus, appraisal was conducted based on the asset-based approach, the market approach, and the income approach.

The asset-based approach is to appraise the fair value mainly based on the net asset value after the independent expert's fair value measurement. The unobservable inputs adopted by the Company are liquidity discount and non-controlling Interests to appraise the fair value.

The market approach is to appraise the fair value with reference to the recent financing activities of the invested targets or market transaction prices and market conditions for similar investment targets.

The income approach refers to the present value converted by independent experts according to the future benefit flow to appraise the fair value mainly.

The unobservable inputs adopted by the Company are liquidity discount and non-controlling Interests to appraise the fair value.

(III) Classification of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 939,578	\$ 418,564
Financial assets at amortized cost (Note 1)	3,437,543	2,519,752
Investments in equity instruments measured at FVTOCI	640,118	608,335
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	11,390,889	11,059,271

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, pledged certificates of deposit, pledged deposits, notes and accounts receivable, other receivables and refundable deposits.

Note 2: Balance refers to financial liabilities measured at amortized cost, including short-term borrowings, short-term notes and bills payable, notes and accounts payable, other payable, long-term liabilities due within one year, long-term borrowings, and guarantee deposits received.

(IV) Objectives and policies of financial risk management

The main financial instruments of the Company currently include equity instrument investments, notes and accounts receivable, other receivables, long-term receivables, notes and accounts payable, corporate bonds payable, borrowings and lease liabilities. The financial management department of the Company executes the policies approved by the Board of Directors, coordinates the risk management of financial markets, and identifies, evaluates, and avoids financial risks related to the operation of the Company in accordance with the regulations.

The financial management department reports irregularly to the management of the Company, which is an organization of the Company responsible for overseeing risks and implementing policies to mitigate risk exposed.

1. Market risk

The Company's activities expose it primarily to the financial risks of changes in exchange rates (see (1) below) and the changes in prices (see (2) below). Market risk in relation to the Company's financial instruments and its management and measurement approaches remain unchanged.

(1) Interest rate risk

Interest rate risk was generated due to the Company borrows funds at both fixed and floating interest rates. However, the Company regularly evaluates hedging activities to make them consistent with the views of interest rate and inherent risk appetite, and therefore the most cost-effective hedging strategies are ensured to be adopted.

The carrying amount of financial assets and the financial liabilities of the Company exposed to the interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Interest rate risks with fair value		
— Financial assets	\$ 65,000	\$ 70,000
— Financial liabilities	342,051	344,873
Interest rate risks with cash flow		
— Financial assets	2,620,828	1,576,508
— Financial liabilities	10,431,962	10,114,060

Sensitivity analysis

If interest rates increase/decrease by 1%, with all other variables being held equal, the Company's net profit before tax for 2023 and 2022 will decrease/increase by NT\$78,111 thousand and NT\$85,376 thousand, respectively, which is mainly due to the net impact of changes in interest income and expenses on the Company's bank deposits and loans with floating rates.

(2) Price risk

The Company's equity price risk mainly comes from two types, (1) investment in Financial assets at fair value through other comprehensive income (mainly investing in domestic company stocks). This equity investment is not held for trading but is a strategic investment. The Company is not actively trading these investments (2) Investments in financial assets at fair value through profit and loss (mainly investments in domestic company stocks, financial assets at fair value through profit and loss, bond investment instruments and fund beneficiary certificates). The Company manages this exposure by maintaining a portfolio of investments with different risks, and the investment in equity instruments must be approved by the management of the Company before it can be processed.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to equity price risk at the balance sheet date.

If the price increased/ decreased by 5%, income before tax for the years ended December 31, 2023 and 2022 would have increased/ decreased by \$46,979 thousand and \$20,928 thousand, respectively, due to changes in the fair value of financial assets at fair value through profit or loss. Other comprehensive gains and losses will increase/decrease by \$32,006 thousand and \$30,417 thousand, respectively, due to changes in the financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risks refer to risks that cause financial loss to the Company due to the counterparty's delay in honoring contractual obligations. As of the balance sheet date, the maximum credit risk explosion that the Company may suffer from financial losses due to the failure of the counterparty to fulfill its obligations and the Company's provision of financial guarantees mainly derives from the carrying amount of financial assets recognized in the Parent Company Only Balance Sheet.

The policy adopted by the Company is to only conduct transactions with companies with outstanding reputation and ratings equal to or above the investment level, and obtain sufficient guarantee if necessary to reduce the risk of financial losses due to arrears. The Company will use publicly obtainable financial information and past records of transaction with the Company to rate main customers. The Company continues to monitor credit risk exposure and the credit ratings of counterparties and distributes total transaction amounts among customers with qualified credit ratings. It also controls credit risk exposure through reviews and approval of credit limit of counterparties by the management.

The Company continuously assesses the financial position of its customers for the accounts receivable.

The Company does not have material credit risk exposure with any singular transaction counterparty or any combination of transaction counterparties of similar characteristics. Where the parties in transactions are affiliated

companies, the Company defines them as transaction counterparties of similar characteristics.

3. Liquidity risk

The Board of Directors bears the ultimate liability for the liquidity risk management of the Company. The Company has established an appropriate liquidity risk management framework to meet its management demand for short-term, mid-term, and long-term funding and liquidity. The Company manages liquidity risk by maintaining adequate financing limit with banks and borrowing commitments as well as continuously monitoring the expected and actual cash flows and the maturity portfolio of financial assets and liabilities.

(1) Liquidity of non-derivative financial liabilities and the interest risk table

The following table provide maturity analysis of non-derivative financial liabilities for which repayment dates have been agreed upon. The table is based on the earliest date on which the Company can be required to repay the financial liability and the undiscounted cash flow of the financial liability, which includes the cash flow from interests and the principal.

December 31, 2023

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative</u>			
<u>financial liabilities</u>			
Non-interest-bearing liabilities	\$ 620,256	\$ -	\$ -
Lease liabilities	3,921	1,125	-
Liabilities with floating interest rates	3,883,760	6,959,710	-
Liabilities with fixed rates	<u>338,816</u>	<u>-</u>	<u>-</u>
	<u>\$4,846,753</u>	<u>\$6,960,835</u>	<u>\$ -</u>

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December 31, 2022

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative</u>			
<u>financial liabilities</u>			
Non-interest-bearing liabilities	\$ 607,363	\$ -	\$ -
Lease liabilities	5,377	2,485	-
Liabilities with floating interest rates	4,263,577	5,954,789	355,949
Liabilities with fixed rates	<u>338,535</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,214,852</u>	<u>\$ 5,957,274</u>	<u>\$ 355,949</u>

(2) Credit limit

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit drawdowns	\$ 10,769,962	\$ 10,452,060
Credit unused	<u>2,372,910</u>	<u>2,259,450</u>
	<u>\$ 13,142,872</u>	<u>\$ 12,711,510</u>

XX. Related-Party Transactions

Except as disclosed in other notes, the transactions between the Company and its related parties are as follows:

(I) The name and relation of related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
Hi-Yes Construction Co., Ltd.	Subsidiary
Haixin International Co., Ltd.	Subsidiary
Haiyan Construction Co., Ltd.	Subsidiary
Haiju Development Co., Ltd.	Subsidiary
Haihui Construction Co., Ltd.	Subsidiary
Hiyu International Co., Ltd.	Subsidiary
NanYue Construction Co., Ltd.	Subsidiary
Jin Yutai Co., Ltd.	Subsidiary
JP Vendome Co., Ltd.	Associates
Dacheng Advertising Co., Ltd.	Related party in substance
Hi-Yes Corporation Ltd.	Related party in substance
Hi-Yes Real Estate Development Co., Ltd.	Related party in substance
Haihua Advertising Co., Ltd.	Related party in substance
Haijia Advertising Co., Ltd.	Related party in substance
Mega Building Development Co., Ltd.	Related party in substance
Higo Digital Co., Ltd.	Related party in substance
Haiye Construction Co., Ltd.	Related party in substance

(II) Operating revenue

<u>Accounting item</u>	<u>Category of related parties</u>	<u>2023</u>	<u>2022</u>
Service revenue	Subsidiary	\$ 207,809	\$ 29,200
	Related party in substance	93,958	31,617
		<u>\$ 301,767</u>	<u>\$ 60,817</u>

(III) Operating costs

<u>Accounting item</u>	<u>Category of related parties</u>	<u>2023</u>	<u>2022</u>
Cost of services	Related party in substance	\$ 1,647	\$ 4,466
	Associates	-	108
		<u>\$ 1,647</u>	<u>\$ 4,574</u>

(IV) Receivables from related parties

<u>Accounting item</u>	<u>Category of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts receivables	Subsidiary	\$ 42,908	\$ 9,620
	Related party in substance	58,697	-
		<u>\$ 101,605</u>	<u>\$ 9,620</u>
Other receivables	Subsidiary	\$ 42	\$ -
	Related party in substance	80	123
		<u>\$ 122</u>	<u>\$ 123</u>

The outstanding amount of receivables - related parties is not guaranteed. There is no impairment of accounts receivable from related parties in 2023 and 2022, thus no allowances for loss has been made.

(V) Payables to related parties

<u>Accounting item</u>	<u>Category/Name of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	Subsidiary		
	Hiyu International	\$ 49,344	\$ -
	Others	6,839	3,554
	Related party in substance	11	45
		<u>\$ 56,194</u>	<u>\$ 3,599</u>
Other payables	Subsidiary	\$ 1,174	\$ -
	Related party in substance	21	240
		<u>\$ 1,195</u>	<u>\$ 240</u>

(VI) Incremental costs of obtaining contracts

<u>Accounting item</u>	<u>Category/Name of related parties</u>	<u>2023</u>	<u>2022</u>
Incremental costs of obtaining contracts	Subsidiary		
	Hiyu International	\$ 49,344	\$ 5,809
	Haixin International Co., Ltd.	21,743	708
	Haiju Development Co., Ltd.	6,859	15,575
	Related party in substance	<u>7,723</u>	<u>-</u>
		<u>\$ 85,669</u>	<u>\$ 22,092</u>

(VII) Other related party transactions

<u>Accounting item</u>	<u>Category/Name of related parties</u>	<u>2023</u>	<u>2022</u>
Rental income	Subsidiary		
	Haiyan Construction Co., Ltd.	\$ 2,514	\$ 2,514
	Haihui Construction Co., Ltd.	2,857	2,857
	Others	1,257	1,029
	Related party in substance	<u>448</u>	<u>343</u>
		<u>\$ 7,076</u>	<u>\$ 6,743</u>
Rent expenses	Related party in substance	<u>\$ 3,429</u>	<u>\$ 3,429</u>

Lease expenses are in line with the general market level and the rent is paid on a monthly basis.

(VIII) Compensation for Key Management Personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 16,577	\$ 20,574
Post-employment benefits	<u>464</u>	<u>274</u>
	<u>\$ 17,041</u>	<u>\$ 20,848</u>

The remuneration to directors and other key management personnel is determined by the Remuneration Committee based on personal performance and market trends.

XXI. Pledged Assets

The following assets have been provided as the collateral for borrowings:

	December 31, 2023	December 31, 2022
Inventories (applicable to the construction industry)	\$ 8,416,678	\$ 8,528,062
Reserve account and trust account (recognized under financial assets at amortized cost)	359,217	195,287
Pledged time deposit certificates (recognized under financial assets at amortized cost)	65,000	40,000
Private placement stock (recorded as financial assets at fair value through profit or loss)	477,161	225,290
Private placement stock (recorded as financial assets at fair value through other comprehensive income)	<u>364,236</u>	<u>175,260</u>
	<u>\$ 9,682,292</u>	<u>\$ 9,163,899</u>

XXII. Disclosures Notes

(I) Information on significant transactions and (II) investees:

1. Lending of funds to others: None.
2. Endorsement/Guarantee provided for others: Table 1.
3. Marketable securities held at end of period (excluding investment in subsidiaries, associates and joint controlled entities): Table 2.
4. Accumulated purchase or disposal of individual marketable securities in excess of NT\$300 million or 20% of the paid-in capital: Table 3.
5. Acquisition of real estate at prices of at least NT\$300 million or 20% of the paid-in capital: Table 4.
6. Disposal of real estate at price in excess of NT\$300 million or 20% of the paid-in capital: None.
7. Purchases or sales to related parties of at least NT\$100 million or 20% of paid-in capital: Table 5.
8. Accounts receivable from related parties equal to or in excess of NT\$100 million or 20% of paid-in capital: None.
9. Derivative financial instrument transactions: None.
10. Information on investees: Table 6.

(III) Mainland China investments: None.

(IV) Information on Major Shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%. Table 7.

Hi-Yes International Co., Ltd.
Endorsement/Guarantee Provided for Others
2023

Table 1 Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Name of Endorsement/ Guarantee Provider	Party Endorsed/Guaranteed		Limits on Endorsements/ Guarantees Provided for a Single Party (Note 2)	Maximum Balance for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Amount Actually Drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowed	Guarantee Provided by Parent Company to a Subsidiary	Guarantee Provided by a Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China	Remarks
		Company Name	Relationship (Note 1)											
1	The Company	Hi-Yes Construction Co., Ltd.	2	\$ 14,061,388	\$ 1,650,177	\$ 1,266,177	\$ -	\$ -	18.01%	\$ 14,061,388	Y	N	N	—
2	The Company	Haixin International Co., Ltd.	2	7,030,694	1,074,400	500,000	300,000	-	7.11%	14,061,388	Y	N	N	—
3	The Company	Haiju Development Co., Ltd.	2	7,030,694	900,000	350,000	285,000	-	4.98%	14,061,388	Y	N	N	—
4	The Company	Hiyu International Co., Ltd.	2	7,030,694	1,450,000	800,000	450,000	-	11.38%	14,061,388	Y	N	N	—
5	The Company	Haiyan Construction Co., Ltd.	2	7,030,694	897,142	797,142	400,450	-	11.34%	14,061,388	Y	N	N	—
6	The Company	Yueda Construction Co., Ltd.	2	7,030,694	100,000	-	-	-	-%	14,061,388	Y	N	N	—
7	The Company	Jin Yutai Co., Ltd.	2	7,030,694	5,210,920	4,488,800	1,481,420	-	63.85%	14,061,388	Y	N	N	—
8	Haiyan Construction Co., Ltd.	The Company	3	7,030,694	414,000	414,000	396,000	-	5.89%	14,061,388	N	Y	N	—
9	Haiju Development Co., Ltd.	Hi-Yes Construction Co., Ltd.	1	7,030,694	669,000	669,000	-	-	9.52%	14,061,388	N	N	N	—
10	Haixin International Co., Ltd.	Hi-Yes Construction Co., Ltd.	1	7,030,694	1,277,000	1,277,000	-	-	18.16%	14,061,388	N	N	N	—

Note 1: Listed below are the 3 types of companies to which the Company may provide endorsement/guarantee:

- (1) Companies with which the Company conducts business.
- (2) Companies that the Company holds more than 50% of ordinary equity directly or indirectly.
- (3) Companies that the Company holds more than 50% of ordinary equity directly or indirectly.

Note 2: Limits on Endorsement/ Guarantee Made for Each Party are as below:

- (1) 100% of the net worth as stated in its latest financial statement audited or reviewed by an accountant for subsidiaries in which the Company holds no more than 90% of the ordinary shares: NT\$7,030,694 thousand*100% = NT\$7,030,694 thousand.
- (2) 200% of the net worth as stated in its latest financial statement audited or reviewed by an accountant for subsidiaries in which the Company holds no more than 90% of the ordinary shares: NT\$7,030,694 thousand*200% = NT\$14,061,388thousand.

Note 3: Maximum amount of endorsements/guarantees is 200% of the net value as stated in its latest financial statements audited or reviewed by an accountant: NT\$7,030,694thousand*200% = NT\$14,061,388thousand.

Hi-Yes International Co., Ltd.
Marketable securities held at the end of the period
December 31, 2023

Table 2 Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Holding Company Name	Type and name of securities	Relationship with the issuer of the securities	Financial statement account	End of the period				Remarks
				Number of Shares/Units (In Thousand Shares/Units)	Carrying amount	Shareholding ratio (%)	Fair value	
The Company	<u>Listed (OTC) stocks</u>							
	Huangpu Construction Co., Ltd.	N/A	Financial assets at fair value through profit or loss - non-current	100	\$ 3,455	0.03	\$ 3,455	—
	Private placement stock of Huangpu Construction Co., Ltd.	N/A	Same as above	8,620	238,257	2.27	238,257	—
	Private placement stock of Delpha Construction Co.,Ltd.	N/A	Same as above	8,330	238,904	0.99	238,904	—
	iCatch Technology, Inc.	N/A	Same as above	299	21,737	0.31	21,737	—
	<u>Emerging stocks</u>							
	eChem Solutions Corp.	N/A	Same as above	527	216,930	0.64	216,930	—
	<u>Unlisted (non-OTC) stocks</u>							
	Taiwan Leader Biotech Corp	N/A	Same as above	318	-	1.34	-	—
	Zanfu Construction Co., Ltd.	N/A	Same as above	173	-	10.53	-	—
	<u>Listed (OTC) stocks</u>							
	Private placement stock of Delpha Construction Co.,Ltd.	N/A	Financial assets at fair value through other comprehensive income— non-current	12,700	364,236	1.51	364,236	—
	<u>Emerging stocks</u>							
	eChem Solutions Corp.	N/A	Same as above	20	8,237	0.02	8,237	—
	<u>Unlisted (non-OTC) stocks</u>							
	Dushanlin Development Co., Ltd.	N/A	Same as above	4,800	172,512	10	172,512	—
	Mega Building Development Co., Ltd.	Related party in substance	Same as above	13,494	95,133	13	95,133	—
	<u>Convertible corporate bonds</u>							
	Uspace Tech Co., Ltd.	N/A	Financial assets at fair value through profit or loss - non-current	-	10,000	-	10,000	—
Hi-Yes Construction Co., Ltd.	<u>Financing bonds</u>							
	US dollar bond issued by ANZ	N/A	Same as above	-	12,872	-	12,872	—
	Co-construction investment equity	N/A	Same as above	-	197,423	-	197,423	—
	<u>Funds</u>							
Haiju Development Co., Ltd.	Mega Global Bond ETF Strategic Income Fund of Funds	N/A	Same as above	-	1,980	-	1,980	—
	Taishin Flexible Income Fund A	N/A	Same as above	-	2,003	-	2,003	—
	<u>Funds</u>							
Haihui Construction Co., Ltd.	Taishin Flexible Income Fund A	N/A	Same as above	-	15,020	-	15,020	—
	Co-construction investment equity	N/A	Same as above	-	50,000	-	50,000	—
	<u>Funds</u>							
Haihui Construction Co., Ltd.	Co-construction investment equity	N/A	Same as above	-	50,000	-	50,000	—
	<u>Emerging stocks</u>							
	eChem Solutions Corp.	N/A	Same as above	117	48,161	0.14	48,161	—
Haihui Construction Co., Ltd.	<u>Funds</u>							
	Mega Global Bond ETF Strategic Income Fund of Funds	N/A	Same as above	-	990	-	990	—

Note 1: Marketable securities in this table refer to stocks as promulgated in IFRS 9 "Financial Instruments" and the securities derived from the items above.

Note 2: Please refer to Table 6 for the relevant information of investment subsidiaries and associates.

Hi-Yes International Co., Ltd.
Accumulated purchase or disposal of individual marketable securities in excess of NT\$300 million or 20% of the paid-in capital
2023

Table 3Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Companies which call and put	Type and name of securities	Financial statement account	Counterparty	Relationship	Opening		Call		Put				End of the period	
					Number of Shares (In Thousand Shares)	Amount	Number of Shares (In Thousand Shares)	Amount	Number of Shares (In Thousand Shares)	Selling price	Carrying cost	Profit or loss from disposal	Number of Shares (In Thousand Shares) (Note 2)	Amount (Note 2)
The Company	Jin Yutai Co., Ltd.	Investments Using the Equity Method	(Note 1)	-	115,189	\$ 635,682	50,697	\$ 506,973	-	\$ -	\$ -	\$ -	165,886	\$ 1,117,588

Note 1: It refers to the ordinary shares of Jin Yutai Co., Ltd. acquired from the participation in the cash capital increase proposal of Jin Yutai Co., Ltd.

Note 2: End balance includes adjustment of investment accounted for using equity method.

Hi-Yes International Co., Ltd.
Acquisition of real estate at cost in excess of NT\$300 million or 20% of paid-in capital
2023

Table 4 Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company that acquired the real estate	Name of property	Date of occurrence	Transaction amount	Payment status	Counterparty	Relationship	Where counterparty is a related party, the data on previous transfer				Basis or Reference for Price Setting	Purpose of acquisition and usage	Other commitments
							All parties	Relationship with the issuer	Transfer Date	Amount			
Hi-Yes International Co., Ltd.	Land on Letian Section, Nantun District, Taichung City	2021/3/24	\$ 451,382	Fully repaid in accordance with the terms and conditions of the contract.	Individual (Natural person)	Non-related party	N/A	N/A	N/A	\$ -	Negotiated with reference to market conditions and approved by the Board of Directors	The Company's main business to increase operating revenue	N/A
Haixin International Co., Ltd.	Land on Letian Section, Nantun District, Taichung City	2021/3/24	190,593	Fully repaid in accordance with the terms and conditions of the contract.	Individual (Natural person)	Non-related party	N/A	N/A	N/A	-	Negotiated with reference to market conditions and approved by the Board of Directors	The Company's main business to increase operating revenue	N/A

Note 1: If the asset acquired is required to be appraised, the appraisal result shall be indicated on the column titled "Basis of Reference for Price Determination."

Note 2: Date of occurrence: The term means the contracting date for the transaction, payment date, transaction completion date by proxy, transfer date, resolution date of the Board of Directors, or other dates on which the transaction counterparty and amount can be ascertained, whichever is earlier.

Hi-Yes International Co., Ltd.

Purchases or sales to related parties of at least NT\$100 million or 20% of paid-in capital

2023

Table 5

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Purchaser (seller)	Counterparty	Relationship	Detail of transaction				Situation and reason for difference between transaction condition and common transaction		Notes and accounts receivable (payable)		Remarks
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit Term	Unit Price	Credit Term	Balance	Percentage of total receivables (payable)	
The Company	Hi-Yes Construction Co., Ltd.	Subsidiary	Sales	(\$ 150,372)	(2%)	Similar to other customers	-	-	\$ 28,394	2%	—

Hi-Yes International Co., Ltd.
Name of the invested company, location... and other related information
2023

Table 6

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Investor	Name of investees	Location	Main Business Items	Original investment amount		Hold at End of Period			Profit or loss of investee for this period	Recognized investment profit (loss) for this period	Remarks
				End of the period	End of last year	Number of shares (in shares)	Ratio (%)	Carrying amount			
The Company	Hi-Yes Construction Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	\$ 1,110,000	\$ 1,010,000	111,000,000	100.00	\$ 984,194	\$ 57,146	\$ 57,146	Subsidiary
	Haixia Construction Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	153,000	153,000	15,300,000	100.00	142,039	(4,620)	(4,620)	Subsidiary
	Haixin International Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	25,500	2,550,000	85.00	331,883	112,994	96,045	Subsidiary
	Haiyan Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	35,000	35,000	3,500,000	70.00	(99,429)	(21,387)	(14,971)	Subsidiary
	Haiju Development Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	25,500	2,550,000	85.00	825,643	225,931	192,041	Subsidiary
	Haihui Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	50,000	50,000	5,000,000	100.00	61,789	13,834	13,834	Subsidiary
	Hiyu International Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	25,500	2,550,000	85.00	774,107	364,715	310,007	Subsidiary
	NanYue Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	67,500	67,500	6,750,000	75.00	49,761	(9,975)	(7,481)	Subsidiary
	Jin Yutai Co., Ltd.	Taiwan	Operation of urban renewal and reconstruction business and residential houses, and development and lease of buildings	1,342,189	835,216	165,886,421	56.23	1,117,588	2,374	3,790	Subsidiary
	JP Vendome Co., Ltd.	Taiwan	Wholesale trading of photographic equipment and electronic materials	4,500	4,500	450,000	30.00	4,289	1,106	-	Associates
	Liansheng Investment Co., Ltd.	Taiwan	General investment	60,000	60,000	6,000,000	20.00	74,323	(154)	763	Associates
	Shenghua Development Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	60,000	60,000	60,000	20.00	60,000	(290)	-	Associates
Haixia Construction Co., Ltd.	Yueda Construction Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	143,000	143,000	14,300,000	55.00	136,607	(7,548)	(4,151)	Subsidiary
Yueda Construction Co., Ltd.	Hongsheng Real Estate Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	32,000	32,000	3,200,000	32.00	33,163	465	3	Associates
Hi-Yes Construction Co., Ltd.	Smart Built Construction Technology Co., Ltd.	Taiwan	Comprehensive construction industry	55,000	55,000	5,000,000	30.03	56,191	4,129	1,240	Associates

Hi-Yes International Co., Ltd.
Information on Key Shareholders
December 31, 2023

Table 7

Major Shareholder's Name	Shares	
	Number of Shares Held	Shareholding ratio
Fuyue Investment Co., Ltd.	25,514,000shares	17.34%
Huang, Hsi-Wen	14,955,090shares	10.16%
Wang, Chun-Chieh	10,139,410shares	6.89%
Tseng, Chun-Sheng	7,954,210shares	5.40%

Note: The Information on Major Shareholders in this table are shareholders holding more than 5% of the ordinary and preferred shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of the current quarter calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's parent company only financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

Chapter 7 Financial status and performance review, analysis, and risks

I. Analysis of financial status:

Unit: NT\$ thousand

Item \ Year	December 31, 2023	December 31, 2022	Difference		Description
			Amount	%	
Current assets	22,225,555	20,138,640	2,086,915	10.36	
Non-current assets	7,916,588	6,596,197	1,320,391	20.02	1
Total assets	30,142,143	26,734,837	3,407,306	12.74	
Current liabilities	7,113,693	6,873,402	240,291	3.5	
Non-current liabilities	14,672,479	13,130,613	1,541,866	11.74	
Total liabilities	21,786,172	20,004,015	1,782,157	8.9	
Share capital	1,471,081	1,471,081	—	—	
Capital surplus	1,285,231	1,285,231	—	—	
Retained earnings	4,039,248	2,957,906	1,081,342	36.56	2
Other equity	306,636	160,712	145,924	90.80	3
Treasury shares	(71,502)	(71,502)	—	—	
Non-controlling interest	1,325,277	927,394	397,883	42.90	4
Total shareholders' equity	8,355,971	6,730,822	1,625,149	24.14	

Analysis of the 20% increase or decrease in the last two years is as follows:

1. Increase in non-current assets:

The increase is primarily attributed to the recognition of financial assets measured at fair value through other comprehensive income - non-current, as well as financial assets measured at amortized cost - non-current.

2. Retained earnings increase:

The increase is primarily due to the increase in net profit after tax for the current period.

3. Increase in other equity:

It is mainly due to the increase in unrealized gains of financial asset investments measured at fair value through other comprehensive gains and losses.

4. Increase in non-controlling interests:

It was mainly due to the increase in non-controlling interests as a result of the capital increase of Hi-Yes construction and Jin Yu Tai Co., Ltd. in the current year.

II. Financial performance

1. The main reasons for the material change in operating income, net operating income and net income before tax: for the most recent two fiscal years are as follows:

Unit: NT\$ thousand

Item \ Year	Year	From January to December 2023	From January to December 2022	Difference		Description
				Amount	%	
Operating revenue		7,754,584	5,092,277	2,662,307	52.28	1
Operating costs		5,071,813	2,811,583	2,260,230	80.39	1
Gross profit		2,682,771	2,280,694	402,077	17.63	
Operating expenses		805,955	682,014	123,941	18.17	
Net operating profit (loss)		1,876,816	1,598,680	278,136	17.40	
Non-operating income (expenses)		314,295	(311,887)	626,182	200.77	2
Net profit (loss) before tax		2,191,111	1,286,793	904,318	70.28	
Income tax expense		443,923	386,842	57,081	14.76	
Net profit (loss) for the year		1,747,188	899,951	847,237	94.14	
Other comprehensive income		228,604	150,366	78,238	52.03	
Total comprehensive income for the year		1,975,792	1,050,317	925,475	88.11	
Total comprehensive income attributable to	Owners of the Company	1,883,968	1,084,760	799,208	73.68	
	Non-controlling interest	91,824	(34,443)	126,267	366.60	

Analysis of the 20% increase or decrease in the last two years is as follows:

1. Increase in net operating income and operating cost:
The sales performance of the company in this fiscal year has been strong, leading to an increase in both operating income and operating costs.
2. Increase in non-operating income (expenses):
The increase is primarily due to the increase in net profit from financial assets measured at fair value through profit or loss and the recognition of compensation income from subsidiaries.

2. The expected sales volume and its basis, the possible impact on the Company's future financial business and the corresponding countermeasures:
 - (1) The Company does not disclose financial forecasts for 2023, so it does not intend to disclose expected sales.
 - (2) The Company constantly pursue growth and will strengthen its services in the future, with the goal of increasing the Company's revenue, capturing more market share, promoting corporate savings, so as to reduce costs and improve shareholders' equity.

III. Cash flow:

1. Analysis of cash flow changes in the most recent fiscal year:

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference		Description
			Amount	%	
Operating activities	2,254,576	-1,263,938	3,518,514	278.38	1
Investment activities	-582,724	-578,091	-4,633	0.80	
Fund-raising activities	-66,778	2,777,172	-2,843,950	-102.40	2
Increase (decrease) in net cash	1,605,074	935,143	669,931	71.64	

Analysis of the increase or decrease in the last two years is as follows:

1. Operating activities: Mainly due to the decrease in construction land acquired and contract assets in 2023.
2. Financing activities: The decrease is primarily due to the reduction in bank borrowings and repayment of bank borrowings in 2023.

2. Improvement plan for insufficient liquidity: The Company has no shortage of cash, has close contacts with domestic banks, and has established good credit terms for financing. At present, the Company has sufficient operating capital and is not in danger of financial liquidity or capital shortage.

3. Analysis of cash flow for the coming year:

Unit: NT\$ thousand

Cash amount at the beginning of the year (A)	Expected net cash flow from operating activities (B)	Expected net cash flow from non-operating activities (C)	Expected remaining (insufficient) amount of cash (A)+(B)+(C)	Remedial measures for expected cash shortfall	
				Investment plan	Fund-raising plan
5,379,485	-6,883,031	6,338,029	4,834,483	0	0

1. Analysis of cash flow changes in the next year:

Operating activities: The net cash flow was mainly due to the increase in construction in progress and the expected increase in land acquisition and construction costs, resulting in net cash outflow from operating activities.

2. Remedial measures for estimated cash shortfall and liquidity analysis: N/A.

IV. The effects that significant capital expenditures have on financial operations in the most recent fiscal year: N/A.

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year:

Unit: NT\$ thousand

Name of investees	Hold at End of Period		Profit (loss) of investee for this period	Recognized investment profit (loss) for this period	Main reasons for losses	Improvement plan
	Amount	Policy				
Hi-Yes Construction Co., Ltd.	1,110,000	Wholly-owned subsidiary	57,146	57,146		
Haixia Construction Co., Ltd.	153,000	Wholly-owned subsidiary	(4,620)	(4,620)	Note 2	Note 3
Yueda Construction Co., Ltd.	143,000	55% owned subsidiary	(7,548)	(4,151)	Note 2	Note 3
Haixin International Co., Ltd.	25,500	85% owned subsidiary	112,994	96,045		
Haiyan Construction Co., Ltd.	35,000	70% owned subsidiary	(21,387)	(14,971)	Note 2	Note 3
Haiju Development Co., Ltd.	25,500	85% owned subsidiary	255,931	192,041		
Haihui Construction Co., Ltd.	50,000	Wholly-owned subsidiary	13,834	13,834		
Hiyu International Co., Ltd.	25,500	85% owned subsidiary	364,715	310,007		
NanYue Construction Co., Ltd.	67,500	75% owned subsidiary	(9,975)	(7,481)	Note 2	Note 3
Jin Yutai Co., Ltd.	1,342,189	56.23% owned subsidiary	2,374	3,790		
JP Vendome Co., Ltd.	4,500	30% owned affiliated enterprise	1,106	-		
Liansheng Investment Co., Ltd.	60,000	20% owned affiliated enterprise	(154)	763		
Shenghua Development Co., Ltd.	60,000	20% owned affiliated enterprise	(290)	-		
Hongsheng Real Estate Co., Ltd.	32,000	32% owned affiliated enterprise	465	3		
Smart Built Construction Technology Co., Ltd.	55,000	30.03% owned affiliated enterprise	4,129	1,240		

Note:

1. Reinvestment policy: The reinvestment policy of the Company is based on the principle of diversification of operations, and is in line with the long-term development strategy of the Company.
2. Main reasons for losses:
The main business of the Company's reinvestment in the construction companies is the trading and leasing of real estate, building development, rental and sales. As the operating income has not been recognized in the projects under construction, it is still a loss.
3. Improvement plan:
Part of the construction projects invested by the Company have been sold to the public. It is expected that the houses will be handed over to customers in succession in 113, and then the operating income will be recognized.
4. Investment plan for the coming year: N/A.

VI. Risk assessment in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report:

(I) Impact of interest rate, exchange rate fluctuation and inflation on the Company's profit and loss and future countermeasures:

1. Impact of changes in interest rates:

At present, the Company has applied for financing lines with correspondent banks as the source of future working capital, so the change in interest rate will have some impact on the profit and loss of the Company; However, the Company keeps in close contact with correspondent banks and maintains a good relationship with them. By negotiating with banks, the Company can obtain more favorable borrowing interest rates and regularly assess the interest rates of bank borrowings, and adjust the use of funds in a timely manner according to the changes in interest rates, so as to reduce the impact of changes in interest rates on the profit and loss of the Company.

2. Impact of changes in exchange rates:

The Company is currently engaged in real estate consignment and brokerage, while its subsidiaries are mainly engaged in the construction of residential buildings and the development, rental and sale of buildings, and their income is denominated in New Taiwan Dollars. Therefore, the change in exchange rate will not have a significant impact on the overall operation of the Company.

3. Impact of inflation:

At present, inflation does not have a significant impact on the Company's profit and loss, and the Company pays attention to the fluctuation of market prices at any time, and maintains a good interactive relationship with suppliers and customers to avoid the adverse impact of inflation on the Company's profit and loss.

(II) The primary reasons for gain or loss and future response measures for high-risk and high-leveraged investments, loans to others, guarantee endorsements, and derivative transaction policy:

1. The Company focuses on its business operations and does not engage in high-risk, highly leveraged investments and derivative financial products transactions.

2. In accordance with the Procedures for Endorsements/Guarantees, the Company has provided bank financing to its subsidiaries with an endorsement/guarantee amount of NT\$6,420,297 thousand, and has used NT\$3,043,240 thousand as of the date of the Annual Report.

3. The Company has established the Procedures for Lending Funds to Others, Procedures for Handling Endorsements/Guarantees, and Procedures for Acquisition or Disposal of Derivative Products, which have been approved by resolutions of the shareholders' meeting. Future transactions and handling will be dealt with in accordance with these regulations and rules.

4. Main reasons for profits or losses, and future countermeasures :

(1) Main reasons for profits or losses: As of the publication date of the Annual Report, the Company did not engage in derivatives trading.

(2) Future countermeasures: N/A.

- (III) Future R&D projects and estimated R&D expenditure:
The Company mainly provides real estate consignment and brokerage, and real estate development and construction business, and does not have development investment.
- (IV) The affect that domestic and international policies and law changes have on the company's financial operations as well as the responding measures:
Apart from the daily operation in accordance with the relevant domestic and international laws and regulations, the Company always pays attention to the development trend of domestic and international policies and changes in laws and regulations, and consults relevant experts when necessary, to fully grasp the changes in the market environment and take appropriate measures. As of the publication date of the Annual Report, the Company has not been affected by major changes in domestic and international policies and laws that affect the financial business.
- (V) The affect that technological changes and industrial changes have on the company's financial operations as well as the responding measures:
1. Changes in technology and industry:
Benefiting from sufficient resources and diversified marketing channels, large-scale consignment companies continue to expand and grow, and gradually extend their professional cross-industry and real estate business to construction, agency and logistics, thus forming a more complete system of investment, construction, marketing and services in the real estate market. Additionally, marketing models are evolving beyond the traditional single-point approach to include database marketing and online marketing formats.
 2. Impact on the Company's financial operations and countermeasures:
Given the market response and financial situation, the Company has increased the scale of the project, effectively controlled the cost, and adopted the case-by-case execution plan to improve the effectiveness of marketing, reduce unnecessary losses and improve profitability. Additionally, it closely observes industry changes to respond to market trends quickly and effectively.
- (VI) Impact of corporate image change on corporate crisis management and countermeasures:
The Company focuses on its business, with good business performance and reputation. Since its inception, the Company has been committed to maintaining its good corporate image, and has a dedicated spokesperson responsible for maintaining relations with the public and investors, abiding by relevant laws and regulations, actively strengthening internal management and improving management quality and performance, while maintaining harmonious labor-management relations. In the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report, there has been no incident affecting the corporate image.
- (VII) Expected benefits and possible risks of merger and acquisition and countermeasures:
As of the publication date of the Annual Report, the Company has no plans to acquire other companies. If there are plans to acquire other companies in the future, the Company will conduct prudent evaluation and fully consider the benefits of merger and acquisition to protect shareholders' interests.

(VIII) Expected benefits and possible risks of plant expansion and countermeasures:

The Company is currently engaged in real estate consignment and brokerage, so there is no expansion of the factory.

(IX) Risks of seller and buyer concentration and countermeasures:

1. Risk assessment of seller concentration:

The Company and its subsidiaries have two main businesses:

A. The Company's real estate consignment and advertising planning are commissioned by various construction companies. They belong to the service industry and are not manufacturing or selling commodities. There is no actual purchase, so there is no risk of seller concentration.

B. For real estate development, at present, the Company's land development business is entrusted by the construction companies through price comparison. The Company does not manufacture or sell goods and does not actually purchase goods, so there is no risk of seller concentration.

2. Risk assessment of buyer concentration:

Due to the industry characteristics of the Company and its subsidiaries, the real estate consignment and development industry has unique characteristics, and their sales targets are mostly non-specific companies or individuals, so there is no risk of buyer concentration.

(X) Impacts and risks of the mass transfer or change in shareholding of directors or substantial shareholders holding more than 10% of the shares of the Company and countermeasures:

As of the publication date of the Annual Report, the directors or substantial shareholders holding more than 10% of the Company's shares meet the minimum percentage requirement for directors, and the shareholding structure is still stable. There has been no massive transfer or change in shareholding, which is conducive to the stability of the Company's management.

(XI) Effect upon and risk to the company associated with any change in governance personnel or top management, and countermeasures: N/A.

(XII) In terms of litigation or non-litigation matters, the company and the company's directors, general managers, actual responsible person, shareholders holding more than 10% of the Company's shares, and affiliated companies, who are involved in a major lawsuit of a subsidiary company that has either been decided or is still pending whereby the results of the case may have a significant impact to shareholder interests or securities prices, must be specified. The status of the disputed facts, bid amount, litigation commencement date, and the primary parties involved in such litigations up to the publication date of this annual report shall be disclosed:

1. If there has any material litigation, non-litigious proceeding, or administrative dispute involving the Company that remained pending: N/A.
2. If there has been any material impact upon the Company's operations or shareholders' rights and interests as a result of any litigation, non-litigious proceeding, or administrative dispute involving a director, president, de facto responsible person, or substantial shareholder holding more than 10% of the Company's shares: None.

(XIII) Other critical risks and response measures:

1. Analysis of information security risk assessment:

(1) Collection and use of customer information

In accordance with the provisions of the Personal Data Protection Act and relevant laws and regulations, the Company only provides services required by its business, and does not arbitrarily disclose to other third parties.

(2) Information security rights and responsibilities and relevant education and training

A. The Company appropriately divides the work and decentralize the rights and responsibilities of the personnel dealing with sensitive and confidential information and those who need to be granted system management authority due to work needs. For departing (retired, suspended) employees, all system resource permissions are promptly revoked.

B. Depending on actual needs, the Company conducts information security education, training and publicity from time to time to promote employees' understanding of the importance of information security and various possible security risks, thus enhancing their awareness of information security and urging them to comply with information security regulations.

(3) Network security management

The company has implemented a firewall to regulate the transmission of data and access to resources on both external and internal networks. Regular inspections are carried out on the internal network's information security facilities and antivirus systems, ensuring that virus definitions and other security measures are promptly updated. The information system administrators create user accounts and passwords with appropriate permissions, and regularly remind employees to update their operating system passwords in order to uphold network security.

2. As of the publication date of the Annual Report, the Company has not found any material cyber attacks or incidents that have had a material adverse impact on its business and operations.

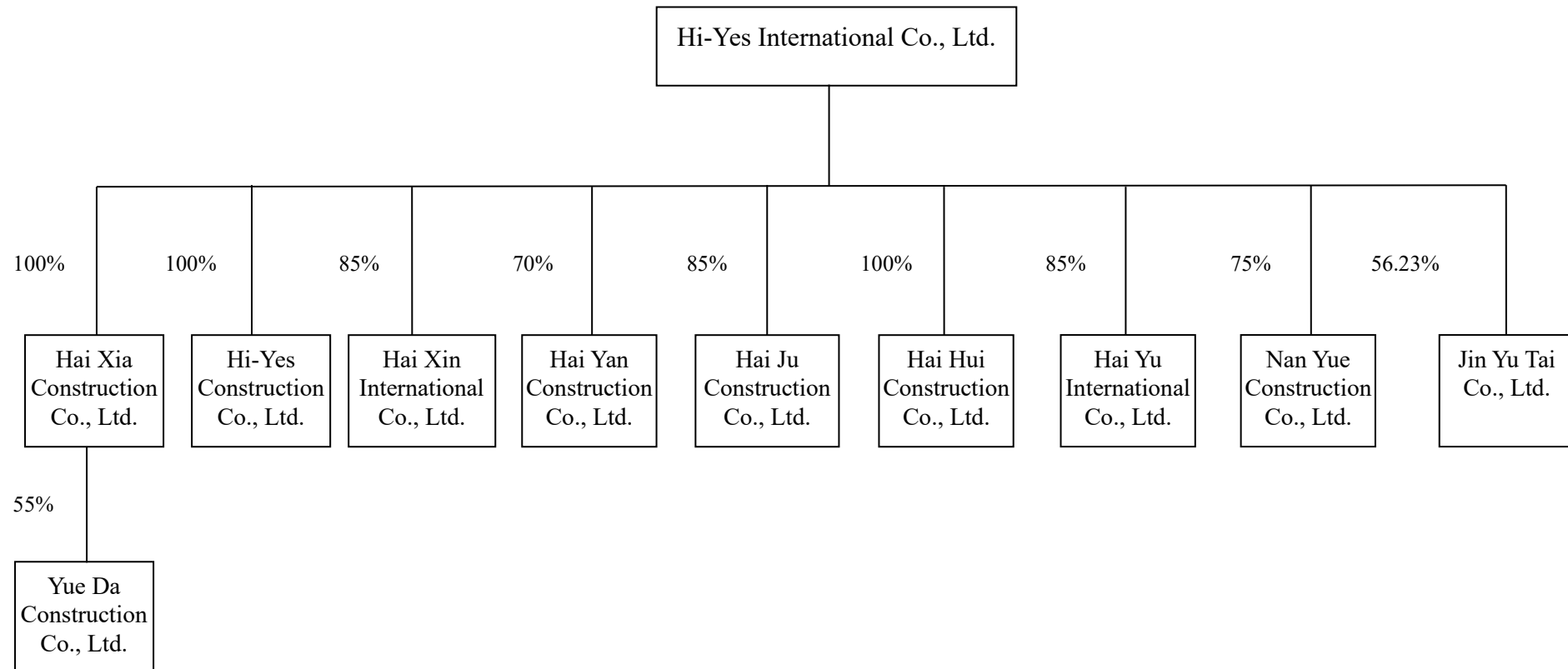
VII. Other important matters: N/A.

Chapter 8 Special matters to be noted

I. Relevant information of the affiliated enterprises

(I) Relevant information of the affiliated enterprises

1. Organization chart of the affiliated enterprises



Note: There is no mutual investment among the above companies.

2. Basic information of the various affiliated enterprises

Company name	Date of Establishment	Address	Paid-in capital		Main Business Items
Hi-Yes Construction Co., Ltd.	2013.05.31	7F, No. 260, Dunhua N. Rd., Songshan Dist., Taipei City	NTD	1,110,000,000	Real estate sales and leasing, residential and building development and leasing
Hai Xia Construction Co., Ltd.	2013.06.11	7F, No. 260, Dunhua N. Rd., Songshan Dist., Taipei City	NTD	153,000,000	Real estate sales and leasing, residential and building development and leasing
Yue Da Construction Co., Ltd.	2013.07.18	7F, No. 260, Dunhua N. Rd., Songshan Dist., Taipei City	NTD	260,000,000	Real estate sales and leasing, residential and building development and leasing
Hai Xin International Co., Ltd.	2017.04.10	7F, No. 260, Dunhua N. Rd., Songshan Dist., Taipei City	NTD	30,000,000	Real estate consignment and brokerage, residential and building development, leasing and sale
Hai Yan Construction Co., Ltd.	2019.05.21	4F-6, No.170, Sec. 3, Minquan E. Rd., Songshan Dist., Taipei City	NTD	50,000,000	Real estate sales and leasing, residential and building development and leasing
Hai Ju Construction Co., Ltd.	2019.08.22	4F-5, No.170, Sec. 3, Minquan E. Rd., Songshan Dist., Taipei City	NTD	30,000,000	Real estate consignment/brokerage, residential and building development, leasing and sale
Hai Hui Construction Co., Ltd.	2020.01.22	4F., No.170, Sec. 3, Minquan E. Rd., Songshan Dist., Taipei City	NTD	50,000,000	Real estate sales and leasing, residential and building development and leasing
Hai Yu International Co., Ltd.	2020.04.24	4F., No.170, Sec. 3, Minquan E. Rd., Songshan Dist., Taipei City	NTD	30,000,000	Real estate consignment/brokerage, residential and building development, leasing and sale
Nan Yue Construction Co., Ltd.	2021.04.09	21F-7, No.201, Sec. 2, Wenxin Rd., Xitun Dist., Taichung City	NTD	90,000,000	Development of new towns and new communities
Jin Yu Tai Co., Ltd.	2017.10.24	4F-3, No.170, Sec. 3, Minquan E. Rd., Songshan Dist., Taipei City	NTD	2,950,000,000	Urban renewal and reconstruction

3. Information on the same shareholder who is presumed to have a relationship of control and subordination:N/A.

4. The industries covered by the business operated by the affiliates overall: Please refer to Basic Information of Each Affiliated Enterprise.

5. Information of directors and supervisors of each affiliated enterprise

March 31, 2024; Unit: share

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio %
Hi-Yes Construction Co., Ltd.	Chairperson	Hi-Yes International Co., Ltd. Representative: Huang, Hsi-Wen	111,000,000 —	100% —
	Director	Hi-Yes International Co., Ltd. Representative: Wang, Chun-Chieh	111,000,000 —	100% —
	Director	Hi-Yes International Co., Ltd. Representative: Lin, Fu-Cheng	111,000,000 —	100% —
	Supervisor	Hi-Yes International Co., Ltd. Representative: Tseng, Chun-Sheng	111,000,000 —	100% —
Haixia Construction Co., Ltd.	Chairperson	Hi-Yes International Co., Ltd. Representative: Wang, Chun-Chieh	15,300,000 —	100% —
	Director	Hi-Yes International Co., Ltd. Representative: Huang, Hsi-Wen	15,300,000 —	100% —
	Director	Hi-Yes International Co., Ltd. Representative: Tseng, Chun-Sheng	15,300,000 —	100% —
	Supervisor	Hi-Yes International Co., Ltd. Representative: Lin, Fu-Cheng	15,300,000 —	100% —
Yueda Construction Co., Ltd.	Chairperson	Haixia Construction Co., Ltd. Representative: Wang, Chun-Chieh	14,300,000 —	55% —
	Director	Haixia Construction Co., Ltd. Representative: Tseng, Chun-Sheng	14,300,000 —	55% —
	Director	Yuan Lu Investment Co., Ltd. Representative: Hsieh, Ming-Yi	11,700,000 —	45% —
	Supervisor	Lin, Fu-Cheng; Tang, Yung-Hsun	— —	— —
Haixin International Co., Ltd.	Chairperson	Sea Heart Investments Limited Representative: Chang, Hsin-Chieh	450,000 —	15% —
	Director	Hi-Yes International Co., Ltd. Representative: Tseng, Chun-Sheng	2,550,000 —	85% —
	Director	Hi-Yes International Co., Ltd. Representative: Lin, Fu-Cheng	2,550,000 —	85% —
	Supervisor	Wang, Chun-Chieh	— —	— —
Haiyan Construction Co., Ltd.	Chairperson	Hi-Yes International Co., Ltd. Representative: Huang, Hsi-Wen	3,500,000 —	70% —
	Director	Hi-Yes International Co., Ltd. Representative: Tseng, Chun-Sheng	3,500,000 —	70% —
	Director	Codak Archi Representative: Lai, Chien-Cheng	1,500,000 —	30% —
	Supervisor	Lin, Fu-Cheng; Wang, Chun-Chieh	— —	— —
Haiju Development Co., Ltd.	Chairperson	Hai Rong Investment Co., Ltd. Representative: Lin, Chun-Jung	450,000 —	15% —
	Director	Hi-Yes International Co., Ltd. Representative: Wang, Chun-Chieh	2,550,000 —	85% —
	Director	Hi-Yes International Co., Ltd. Representative: Lin, Fu-Cheng	2,550,000 —	85% —
	Supervisor	Tseng, Chun-Sheng	— —	— —

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio %
Haihui Construction Co., Ltd.	Chairperson	Hi-Yes International Co., Ltd. Representative: Huang, Hsi-Wen	5,000,000 —	100% —
	Director	Hi-Yes International Co., Ltd. Representative: Wang, Chun-Chieh	5,000,000 —	100% —
	Director	Hi-Yes International Co., Ltd. Representative: Lin, Fu-Cheng	5,000,000 —	100% —
	Supervisor	Hi-Yes International Co., Ltd. Representative: Tseng, Chun-Sheng	5,000,000 —	100% —
Hiyu International Co., Ltd.	Chairperson	Xuan Yu Investment Co., Ltd. Representative: Chou, Shih-Kai	450,000 —	15% —
	Director	Hi-Yes International Co., Ltd. Representative: Wang, Chun-Chieh	2,550,000 —	85% —
	Director	Hi-Yes International Co., Ltd. Representative: Tseng, Chun-Sheng	2,550,000 —	85% —
	Supervisor	Lin, Fu-Cheng	— —	— —
NanYue Construction Co., Ltd.	Chairperson	Hi-Yes International Co., Ltd. Representative: Huang, Hsi-Wen	6,750,000 —	75% —
	Director	Hi-Yes International Co., Ltd. Representative: Lin, Fu-Cheng	6,750,000 —	75% —
	Director	Fengrun Investment Co., Ltd Representative: Chiu, Ming-Chih	1,530,000 —	17% —
	Supervisor	Wang, Chun-Chieh; Chang, Hsin-Chieh	— —	— —
Jin Yutai Co., Ltd.	Chairperson	Hi-Yes International Co., Ltd. Representative: Huang, Hsi-Wen	165,886,421 —	56.23% —
	Director	Hi-Yes International Co., Ltd. Representative: Wang, Chun-Chieh	165,886,421 —	56.23% —
	Director	Fortune6446 Construction Co., Ltd. Representative: Chiang, Cheng-Chih	105,966,120 —	35.92% —
	Supervisor	Li, Mei-Yueh	— —	— —

6. Status of operation for various affiliated companies

December 31, 2023; Unit: NT\$ thousand

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Current profit (loss)	Earnings (loss) per share (NT\$)
Hi-Yes Construction Co., Ltd.	1,110,000	2,605,303	1,448,369	1,156,934	881,802	68,757	57,146	0.51
Hai Xia Construction Co., Ltd.	153,000	142,189	150	142,039	0	(497)	(4,621)	(0.30)
Yue Da Construction Co., Ltd.	260,000	407,896	159,520	248,376	0	(6,802)	(7,548)	(0.29)
Hai Xin International Co., Ltd.	30,000	1,627,614	1,108,988	518,626	472,838	198,636	157,807	52.60
Hai Yan Construction Co., Ltd.	50,000	938,166	976,262	(38,096)	0	(22,373)	(21,386)	(4.28)
Hai Ju Construction Co., Ltd.	30,000	1,766,644	727,662	1,038,982	1,001,416	337,461	247,453	82.48
Hai Hui Construction Co., Ltd.	50,000	62,812	1,023	61,789	0	(3,337)	13,834	2.77
Hai Yu International Co., Ltd.	30,000	1,631,807	695,558	936,249	1,384,138	351,112	260,501	86.83
Nan Yue Construction Co., Ltd.	90,000	518,852	452,504	66,348	0	(10,201)	(9,975)	(1.11)
Jin Yu Tai Co., Ltd.	2,950,000	4,953,016	4,026,922	926,094	0	(18,461)	5,728	0.02

(II) Consolidated financial statements of affiliates: Please refer to Pages 118-191.

(III) Reports of affiliates: N/A.

II. The handling of privately placed securities in the most recent fiscal year and up to the publication date of the Annual Report: N/A.

III. Shares held or disposed of by subsidiaries in the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report: N/A.

IV. Other supplementary information: N/A.

V. In the most recent fiscal year and the current fiscal year up to the publication date of the Annual Report if there have been events that had a significant impact on shareholders' equity or the price of securities as defined in Subparagraph 2 of Article 36-3 of the Securities and Exchange Act: N/A.

**Hi-Yes International Co.,
Ltd.**

Chairman Huang, Hsi-Wen