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Taiwan Stock Exchange Market Observation Post System:

<http://mops.twse.com.tw>

Company Website:

<http://www.kycc.com.tw>

# **Kuo Yang Construction Co., Ltd.**

## **2023 Annual Report**

Print Date: April 15, 2024

**I. Spokesperson of the Company**

Spokesperson Name: Cheng-I Wang

Occupational Title: Assistant Vice President, Finance Division

Telephone:(02)2500-0808

E-mail: candy@kycc.com.tw

Acting Spokesperson Name: Yun-Ti Cheng

Occupational Title: Assistant Vice President, Planning Division

Telephone:(02)2500-0808

E-mail: hugo.cheng@kycc.com.tw

**II. Corporate Address and Telephone:**

Corporate Address: 18F, No.555, Zhongxiao East Road 4, Taipei

Telephone:(02)2500-0808

**III. Share Registrar and Investor Service Agent**

Name: Grand Fortune Securities Co., Ltd.

Address: 6F, No. 6, Section 1, Zhongxiao West Road, Taipei

Telephone:(02)2371-1658

Website: <https://www.gfortune.com.tw>

**IV. Certified Public accounting Firm:**

Name of CPA Office: Pricewaterhouse Coopers Taiwan

Names of CPAs: Chun-Yuan Hsiao; Fang-Yu Wang

Address: 27F, No. 333, Keelung Road Section 1, Taipei

Telephone:(02)2729-6666

Website: <http://www.pwc.tw>

**V. Name of Overseas Securities Exchanges Where the Company Listed the Stocks for Trading, and Method for Inquiry of Information on the Securities: Nil.**

**VI. Company Website: <http://www.kycc.com.tw>**

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# A. Letter to Shareholders

Dear Shareholders, Greetings.

The global economy slowed down in 2023 due to global inflation, U.S. interest rate hikes, and geopolitics. Taiwan's housing market entered a correction due to the government's active efforts to curb real estate speculation, interest rate hikes, and selective credit control measures. However, the "New Improvement Plan for the Preferential Housing Loan Program for Successful Family Foundation of Youth" launched in August unexpectedly reversed the situation.

From the perspective of market demand, the transaction volume of Taiwan's industrial real estate declined last year due to the decline in export orders, limited new investment momentum in the government's three major programs for investing in Taiwan, rising industrial land prices, and high construction costs. Major technology companies are actively expanding factories to increase production capacity in response to global AI demand. Global ESG energy conservation and carbon reduction issues have greatly increased the demand for green factories; As inventory digestion is coming to an end, export orders will recover this year, and manufacturers will restart deferred factory expansion plans. The industry's demand on plants still remains. Kuo Yang Construction has been actively purchasing land in industrial zones since 2020, including the "Intercontinental Corporate Head Office" in Neihu that will be completed this year, the "Kuo Yang Digital Technology Building" in Sanchong that has begun construction, and the "Xiwan Road Project" in Xizhi, "Zhongyi Project" in Tucheng, and "Zhonghe Project," which will obtain a building permit this year. Our land inventory has cumulatively reached 16,000 ping, and we are about to launch tech company office building projects aligned with international trends to build modernized architectures that will become landmarks in the area and bring even more profits to Kuo Yang.

On top of planning our industrial projects, we continue to support the government's housing policies. Kuo Yang Construction actively participates in the urban renewal project - "Kuo Yang Jilin" currently under construction, the Xindian Baoyuan Project that has obtained approval for urban renewal, the "Kaohsiung Special Trade Zone 3 (South base -



north side)" urban renewal project that was approved this year, and the "THSR Zuoying Heart of Technology Office Building Urban Renewal Project" that was awarded this year. We are also working on multiple other large scale urban renewal projects. We aspire to collaborate with land owners to achieve our missions to boost local industry developments, enhance urban functions, improve the quality of life, and beautify the urban landscape. Our goal is to become the best promoter of urban renewal.

In response to international trends, Kuo Yang Construction supports the government's Net-zero Emissions 2050 (carbon neutrality) goal by incorporating "sustainability" into the key strategies for our business development. We emphasize coexistence with the environment - ecology, health, energy conservation, and waste reduction, and implement it through building planning. In response to the Company's green transition, we are implementing planning principles of green building + smart building + LEED certification, jointly working toward the vision of building sustainable cities and buildings of happiness.

The Company's 2023 Business Report and 2024 Business Plan are summarized below:

## I. 2023 Business Report

### (I) Business Plan Implementation Results

10 projects to be sold:

1. 6 projects to be sold

(1) Residential: Kaohsiung "Kuo Yan" "Smile Era",  
Tainan "The Green Place A, The Green Place B, The Green Place C",  
Taipei "South Manor"

(2) Total : 22 units and 14 vehicles

(3) Sales Amount : NT\$787, 060,000

2. 4 new project delivery

(1) Residential buildings: Kuo Yang Jilin.

Tainan "The Green World" (The Green Place Phase 4).

(2) Plants and offices: "Kuo Yang Intercontinental Corporate Head Office"  
(Neihu).

New Taipei City "Kuo Yang Digital Technology Building" (Sanchong)

(3) Total : 117 units and 311 vehicles

(4) Sales Amount : NT\$9, 243, 840,000

### (II) Budget Implementation

The Company did not prepare a financial forecast for 2023 and therefore does not prepare an analysis report.

### (III) Analysis of Financial Gains and Losses and Profitability

#### 1. Financial Expenditures Unit: NT\$1,000

Item	2023	2022
Operating revenue	735, 459	3, 954, 516
Operating costs	(443, 914)	(3, 169, 639)
Operating profit	291, 545	784, 877
Operating expenses	(280, 810)	(505, 660)
Operating profit	10, 735	279, 217
Non-operating income and expenses	322, 976	274, 182
Pre-tax profit	333, 711	553, 399
Income tax expenses	(28, 835)	(67, 481)
Net profit of the term	304, 876	485, 918

#### 2. Profitability

Item	2023	2022
Return on assets	1. 82%	2. 99%
Return on equity	3. 08%	5. 15%
Pre-tax income to paid-in capital ratio	8. 78%	14. 56%
Net profit margin	41. 45%	12. 29%
Earnings per share(NT\$)	0. 80	1. 28

#### **(IV) Research and Development**

1. Key development projects:
  - (1) Projects for which building permits have been obtained and are being constructed in 2023:
    - A. North:
      - (a) Residential buildings: Kuo Yang Jilin (under construction).
      - (b) Plants and offices: "Kuo Yang Intercontinental Corporate Head Office" (under construction).  
New Taipei City "Kuo Yang Digital Technology Building" (under construction)
    - B. South:
      - (a) Residential buildings: Tainan " Emerald Forest Green Light Area .The Green World" (under construction).  
Nong-16 Park Project in Kaohsiung (Obtain construction permit) ◦
  - (2) Projects for which building permits are expected to be obtained in 2024:
    - A. North:
      - (a) Residential buildings: Xindian Baoyuan Urban Renewal, "Good morning, Kuo Yang Phase 2" in Keelung.
      - (b) Plants and offices: New Taipei City Xizhi Xiwan Road Case  
Zhongyi Section, Tucheng District Urban Renewal Project in New Taipei City.
    - B. South:
      - (a) Residential buildings: Kaohsiung Special Trade Zone 3 (South base - north side) Urban Renewal Project.  
Kaohsiung Central Section Case
  - (3) Projects being developed:
    - A. North:
      - (a) Residential buildings: Ren'ai Urban Renewal Project 、 Taipei Daan Guozhai Renewal Project 、 Taipei Beitou Daye Road Renewal Project ◦
      - (b) Plants and offices: Tucheng Zhonghua Road Case ◦
    - B. South:
      - (a) Residential buildings: Kaohsiung Qianjin Livelihood Renewal Project ◦
2. In terms of land development:
  - (1) As the precision industry expands investments in Taiwan and exports of AI-related products remain strong, both foreign investments and TWSE/TPEX-listed companies in related industries are expected to expand operations in Taiwan. Thus, the demand for factories and office buildings is expected to continue to rise. Going forward, in terms of land development, the proportion of factory and office investments are expected to increase to 50%..
  - (2) Actively participate in the government's goal in urban renewal and to engage in the government's recruitment projects in prime areas.
  - (3) We also continue to activate existing land assets and to collaborate with industry partners to jointly promote urban renewal. For instance, the idle land on Minquan East Road and Jingmei District and more

**3. Building planning and design:**

We adhered to the government's net-zero emissions by 2050 goal by upholding a philosophy of sustainable management. We integrated local environmental factors in planning and design, and accounted for factors including ventilation, energy conservation, water resources, green environment, and used power-efficient equipment along with smart sensor controls in order to build a more comfortable and sustainable living space. By striving to construct green buildings under the Kuo Yang brand, we also strengthen our brand awareness.

**4. Engineering cost, progress, and quality:**

- (1) **Engineering cost** --Strengthen the consulting team's competencies and explore value engineering.
- (2) **Engineering progress** -We also actively researched and developed new construction methods including creating a more industrial interior space and using porcelain slabs in the stairwells. Besides reducing the engineering time, it also helps to reduce dust and waste.
- (3) **Project quality** - Establish a digitized safety monitoring system that provides real-time warnings, enabling safer construction. Establish construction standard operating procedures (SOPs) to strive for consistent construction quality in each project.

**5. Brand building and customer service:**

- (1) After signing the contract provide construction progress report to purchasing customers - Transparency in the construction progress and architectural method allows customers to understand engineering progress from the comfort of their homes.
- (2) Lifetime property health inspection - A professional management team is dedicated to caring for customers who purchased Kuo Yang projects.
- (3) Overall development of the community - Building community cohesion through community.
- (4) Deploying digital transformation - Establishing Home Go app, a community management platform to allow for instant communications and timely service.

**6. Market research and development:**

Kuo Yang is opting for a diverse arrangement in land development, and except for industrial land at specific areas, we have turned to urban renewal or joint construction projects in terms of residential buildings. In addition, we are also focusing on the planning, construction method, and material use in individual construction projects to reduce waste generated during the construction process and increase circular recycling, thereby constructing (nearly) carbon neutral buildings that are more environmentally friendly. We also hope to supervise the Company's quality brand image by providing precise product positioning and well-rounded service quality.

## **II. 2024 Business Plan overview**

### **Projects in the sales phase**

- (I) Existing houses 5 :
  - 1. Residential buildings:Kaohsiung Kuo Yan,Smile Era  
Tainan The Green Place A, The Green Place B,  
The Green Place C
- (II) presale projects 2:
  - 1. Residential buildings: Tainan The Green World (The Green Place Phase D)
  - 2. Plants and offices:Taipei Kuo Yang Intercontinental Corporate Head Office (Neihu)

## **III.Future development strategy**

- (I) Kuo Yang is opting for a diverse arrangement in land development, and except for industrial land at specific areas, we have turned to urban renewal or joint construction projects in terms of residential buildings. Apart from Northern Taiwan, we are considering areas with a low base (such as: Kaohsiung) °
- (II) In addition, we are also focusing on the planning, construction method, and material use in individual construction projects to reduce waste generated during the construction process and increase circular recycling, thereby constructing (nearly) carbon neutral buildings that are more environmentally friendly. We also hope to maintain the Company's operating performance and to building a quality brand image by providing precise product positioning and well-rounded service quality. We are implementing ESG and thoughtful designs to strengthen Kuo Yang's products and become the first choice when customers are buying a house.

## **IV.Impact of the external competitive environment, regulatory environment, and overall business environment**

- (I) Favorable factors:
  - 1. U.S. Federal Reserve slows interest rate hikes  
Taiwan's real estate market cannot escape the global economic situation. As the U.S. Federal Reserve slows interest rate hikes, investment by insurance companies and investors who were impacted by interest rate hikes and have been waiting for a long time are expected resume the pace of their investment. This will help boost market demand and revitalized the housing market, especially the commercial real estate market.
  - 2. New Preferential Mortgage Policy for Young Adults  
The new program's expanded loan options include: The upper limit of the loan amount is increased to NT\$10 million, the term can be up to 40 years, the grace period is 5 years, and the interest rate subsidy is 0.375%, greatly increasing the affordability of homes. This has stimulated rigid demand and will help digest new housing units to be handed over within three years and remaining housing

units, increasing rigid demand on low-priced existing housing units

(II) Unfavorable factors:

1. Multi-house tax

"Multi-house tax 2.0" is expected to be implemented in July 2024 and levied in May 2025. The new system will adopt a nationwide account and use differential tax rates for houses not for self use starting from the fourth housing unit owned by the owner. Owners of multiple empty homes will be taxed more, increasing the cost of owning multiple houses. In addition, after the new law comes into effect, it will have a greater impact on developers with poor sales of newly built remaining units. Developers will focus on pre-sale housing projects to avoid the risk of being levied high housing tax on unsold housing units once the project is completed.

2. Global economic downturn

There are still many challenges to global economic growth in 2024. Global inflation, the postponement of U.S. interest rate cuts, geopolitical risks, the slowdown in China's economic recovery, and the election of leaders of major countries are all important variables affecting the global economy this year. The "Global Economic Outlook" published by the World Bank in January pointed out: Global economic growth in 2024 is expected to decline to 2.4% from the 2.6% in 2023. The real estate market is related to the overall economic development, and the uncertainty of the global economy has become a variable of Taiwan's real estate market °

In response to global trends and the restrictions of government real estate-related policies, the Company engages in diverse development methods, including urban renewal, reconstruction of urban unsafe and old buildings, and government projects. We are developing the real estate market in different aspects, extending our reach to residential buildings, office buildings, plants, hotels, and shopping malls. In planning and design, we use the concept of sustainable development to build Kuo Yang's green and friendly buildings. In construction, we deployed the building information management system for better construction management, and to comprehensively upgrade and strengthen Kuo Yang's brand power.

I wish to thank you for your support and guidance.

I wish you health and prosperity

Tzu-Kuan Lin, Chairman

## B. Company Profile

I. Date of establishment: Established on June 2, 1972 with government authorization

### II. Company history

Established on May 10, 1972 with a paid-in capital of NT\$1.2 million

Established on June 2, 1972 with government authorization

- |                   |   |
|-------------------|---|
| March 1974        | Cash capital increase of NT\$14.8 million which increased the paid-in capital to NT\$16 million                                 |
| September 1976    | Cash capital increase of NT\$24 million which increased the paid-in capital to NT\$40 million                                   |
| July 1977         | Relocated to the Chang'an Business Building at on Section 2, Chang'an East Road, Taipei City                                    |
| April 1978        | Cash capital increase of NT\$40 million which increased the paid-in capital to NT\$80 million                                   |
| August 1978       | Cash capital increase of NT\$80 million which increased the paid-in capital to NT\$160 million                                  |
| January 1979      | Cash capital increase of NT\$140 million which increased the paid-in capital to NT\$300 million                                 |
| February 26, 1979 | Public offering of shares   |
| November 14, 1979 | Listed on the Stock Exchange  |
| May 1983          | Capital increase of NT\$9 million from capital surplus which increased the paid-in capital to NT\$309 million                   |
| January 1989      | Cash capital increase of NT\$309 million which increased the paid-in capital to NT\$618 million                                 |
| January 1990      | Cash capital increase of NT\$507 million which increased the paid-in capital to NT\$1.125 billion                               |
| December 1991     | Capital increase of NT\$956.25 million from cash and capital surplus which increased the paid-in capital to NT\$2.08125 billion |
| April 1993        | Cash capital increase of NT\$1.5 billion which increased the paid-in capital to NT\$3.58125 billion                             |
| November 1995     | Relocated to 8F, No. 99, Section 1, Xincheng South Road, Taipei City  |
| July 1996         | Cash capital increase of NT\$1.01875 billion which increased the paid-in capital to NT\$4.6 billion                             |
| March 1997        | Issuance of the first unsecured corporate bonds valued at NT\$1 billion.  |

June 1997	Capital increase of NT\$1.0204 billion from earnings, capital surplus, and employee bonus which increased the paid-in capital to NT\$5.6204 billion
July 1997	Cash capital increase of NT\$1.3796 billion which increased the paid-in capital to NT\$7 billion
July 1997	Issuance of the first unsecured convertible corporate bonds valued at NT\$1 billion
March 1998	Converted corporate bonds (Kuo Yang A) into ordinary shares totaling NT\$33,071,610 which increased the paid-in capital to NT\$7,033,071,610
May 1998	Capital increase of NT\$3,758,599,980 from earnings, capital surplus, employee bonus, and conversion of corporate bonds (Kuo Yang B) into ordinary shares which increased the paid-in capital to NT\$10,791,671,590
August 1998	Converted corporate bonds (Kuo Yang C) into ordinary shares totaling NT\$11,082,820 which increased the paid-in capital to NT\$10,802,754,410
October 1999	Capital reduction of NT\$4,969,267,020 for the issuance of new shares which reduced the paid-in capital to NT\$5,833,487,390 after capital reduction
June 2002	Capital reduction of NT\$2,833,487,390 for the issuance of new shares which reduced the paid-in capital to NT\$3 billion after capital reduction.
June 2003	Cash capital increase of NT\$600 million through private placement which increased the paid-in capital to NT\$3.6 billion after the capital increase
November 2003	Cash capital increase of NT\$500 million through private placement which increased the paid-in capital to NT\$4.1 billion after the capital increase
December 2003	Cash capital increase of NT\$1 billion through private placement which increased the paid-in capital to NT\$5.1 billion after the capital increase
February 2004	Cash capital increase of NT\$450 million through private placement which increased the paid-in capital to NT\$5.55 billion after the capital increase
April 2004	Cash capital increase of NT\$160 million through private placement which increased the paid-in capital to NT\$5.71 billion after the capital increase

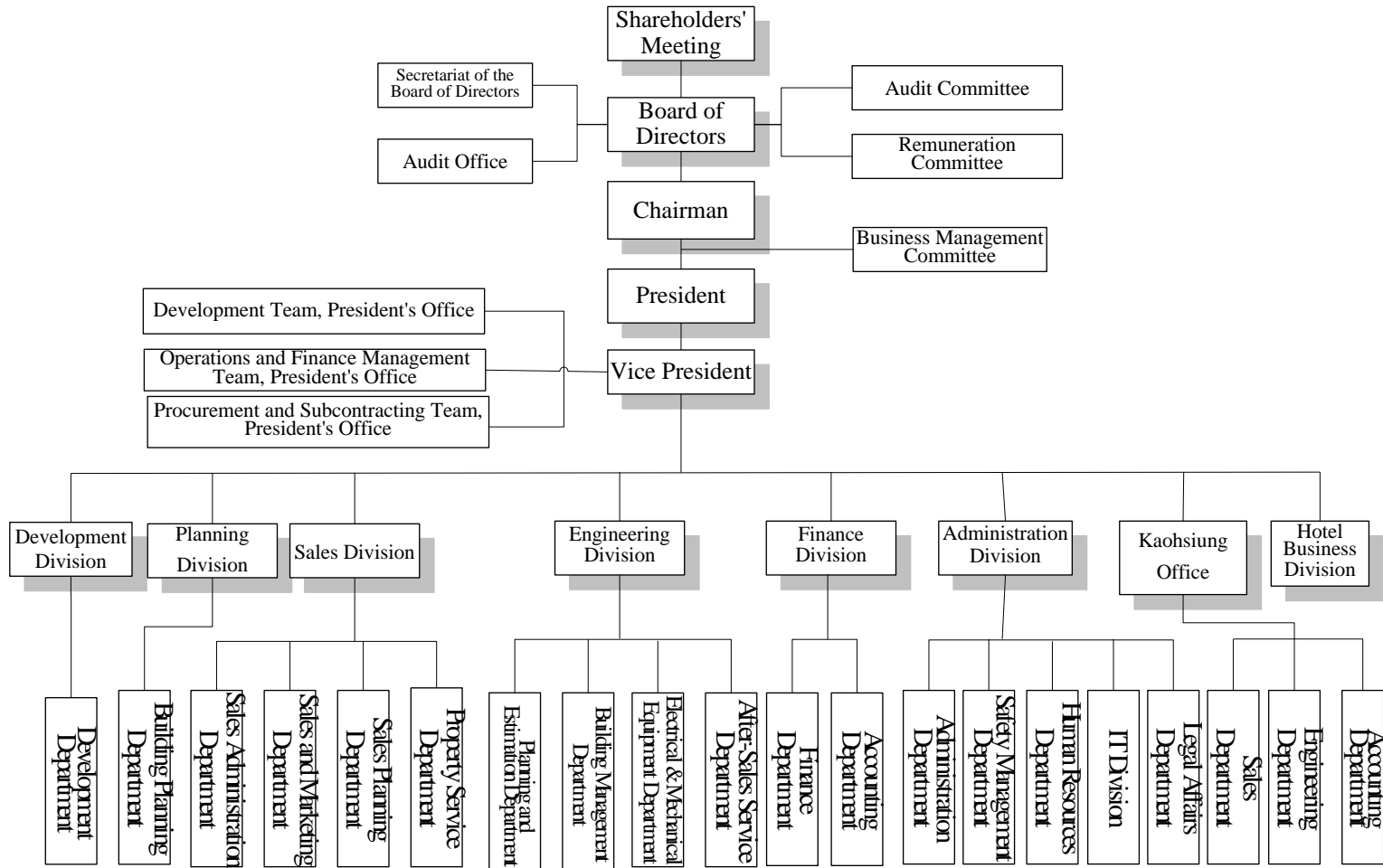


November 2004	Capital reduction of NT\$2.664 billion which reduced the paid-in capital to NT\$3.046 billion after capital reduction
April 2006	Cash capital increase of NT\$600 million through private placement which increased the paid-in capital to NT\$3.646 billion after the capital increase
June 2006	Cash capital increase of NT\$400 million through private placement which increased the paid-in capital to NT\$4.046 billion after the capital increase
December 2006	Cash capital increase of NT\$380 million through private placement which increased the paid-in capital to NT\$4.426 billion after the capital increase
October 2010	Launched Kuo Yan in Kaohsiung and won the 18th Chinese Architectural Golden Stone Award and the Golden Stone First Prize in the Super High Residential Building Category in Kaohsiung and Pingtung in 2010
September 2011	Launched Good Morning, Kuo Yang and received the Golden Stone Award in the Excellent Planning and Design Category
May 2012	Issuance of the first domestic secured convertible corporate bonds valued at NT\$900 million
September 2012	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$25,849,500 which increased the paid-in capital to NT\$4,451,849,500
December 2012	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$11,001,690 which increased the paid-in capital to NT\$4,462,851,190
2012	The Company received the Chinese Architectural Golden Stone Award in the Excellent Construction Quality Category for "Kuo Yang Tianmu", Golden Stone Award in the Excellent Planning and Design Category for "Sky Garden", and Golden Stone Award in the Excellent Brand Company Category
2013	Kuo Yang Tianmu received the highest honor in the 2013 Taiwan Real Estate Excellence Awards in the "Best Urban Renewal Category for Excellent Reconstruction and Renewal Project"
March 2013	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$36,940,890 which increased the paid-in capital to NT\$4,499,792,080
June 2013	Converted corporate bonds (Kuo Yang II) into ordinary shares

	totaling NT\$56,350,410 which increased the paid-in capital to NT\$4,556,142,490
September 2013	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$22,987,360 and converted earnings to capital increase of NT\$449,979,210 which increased the paid-in capital to NT\$5,029,109,060
	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$4,027,460 which increased the paid-in capital to NT\$5,033,136,520 in December 2013
March 2014	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$2,455,760 which increased the paid-in capital to NT\$5,035,592,280
May 2015	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$730,232,510 which increased the paid-in capital to NT\$5,765,824,790
September 2018	Cash capital increase of NT\$1.2 billion which increased the paid-in capital to NT\$6,965,824,790
February 2019	Relocated to the United Daily News Office Building at 18F, No. 555, Section 4, Zhongxiao East Road, Taipei City
November 2020	Cash capital reduction of NT\$3,165,824,790 which decreased the paid-in capital to NT\$3.8 billion

# C. Corporate Governance Report

## I. Organization System



Passed by the Board of Directors on October 23, 2017

## Business operations of key departments:

Department	Business Overview
President's Office	(I) Business management, operation analysis, market research, and product planning. (II) Procurement and subcontracting.
Development Division	(I) Development of diverse projects. (II) Land survey and integration, investment assessment, property rights, and market research. (III) Negotiation, preparation, and determination of partnerships and transaction terms, and contract signing. (IV) Development management, budget implementation, and administrative tasks. (V) Tracking, analysis, and filing of development benefits.
Sales Division	(I) Market research analysis. (II) Sales and marketing tasks. (III) Sales planning. (IV) Sales and administrative operations. (V) Property management services. (VI) Customer sales services.
Planning Division	(I) Product positioning, design, and planning. (II) Application for building licenses. (III) Recommendations for the use of materials. (IV) Design of indoor areas, landscaping, and lighting.
Engineering Division	(I) Construction planning. (II) Estimates for construction projects. (III) Recommendations for mechanical and electrical equipment and construction supervision for construction projects. (IV) Construction management, estimation, and supervision of construction projects.
Finance Division	(I) Finance operations, cashier, and bill control. (II) Debt management for bank loans. (III) Preparation of funding and budget. (IV) Financial and accounting affairs. (V) Control of project budgets. (VI) Design and execution of tax plans. (VII) Planning and execution of annual accounts.
Administration Division	(I) Administrative tasks for shareholder services stock and general affairs. (II) Management of the receipt and issuance of documents and management of company licenses and property ownership certificates. (III) Supervision of the printing of company documents. (IV) Employee appointment, dismissal, and training. (V) Human resource planning. (VI) Planning and configuration of the Company's IT platform. (VII) Management and maintenance of IT equipment. (VIII) Information collection and training. (IX) Legal advice for contracts and documents of the Company. (X) Appointment, communication, and tracking of legal cases. (XI) Safety of the Company's work environment. (XII) Safety plans for the Company's employees.
Kaohsiung Office	(I) Land development in Kaohsiung. (II) Operations, administration, and construction supervision for construction projects in Kaohsiung. (III) Market research analysis for construction projects in Kaohsiung.

## II. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and heads of departments and subsidiaries

### (I) Information on Directors(A) March 31, 2024

Title	Nationality or place of registration	Name	Gender	Age	Date elected (appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
								Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Chi Chan Industries Co., Ltd.			2023.06.13	Three years	2008.06.13	1,281,126	0.18%	698,880	0.18%	-	-	None	None	-	-	-	-	-	

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman Institutional shareholder representative	Republic of China	Tzu-Kuan Lin- Institutional shareholder representative of Chi Chan Industries	Male 61~70	2023.06.13	Three years	2008.06.13	0	0.00%	0	0.00%	0	0.00%	None	None	Legal representative of Grand Hi-Lai Hotel Management Consulting Co., Ltd. President, Top Plaza Hotel, Kaohsiung President, Spring City Resort, Taipei (Chinese Culture University)	President, Grand Hi-Lai Hotel Business Group Director, Hanshin Shopping Plaza Co., Ltd. Director, Hanshin Department Store Co., Ltd. Director, Kaohsiung Arena Development Corporation Chairman, Shang Yang International Asset Management Co., Ltd. Chairman, Shen Yang Construction Co., Ltd. Chairman, Che Yang Agricultural Technology Co., Ltd. Chairman, Chi Yang Construction Co., Ltd. Chairman, Pu Li Management Consulting Co., Ltd. Chairman,Star Era InternationalCo.,Ltd. Director, Sweet Me Hot Spring Resort Co., Ltd. Director, SE Security Corp.	None	None	None	None

Director Institutional shareholder representative	Republic of China	Chia-Chi Hou- Institutional shareholder representative of Chi Chan Industries	Female 31-40	2023.06.13	Three years	2020.06.10	1,807,833	0.26%	986,209	0.26%	0	0.00%	None	None	Medical Research Assistant, Johns Hopkins University Senior Scientist, Pfizer Inc. (BS in Applied Mathematics and Chemical Engineering, Johns Hopkins University) (Master/PhD in Department of Bioengineering, Stanford University) (Master in Applied Computation, Harvard University)	Chairman , Hanshin Asset Management Co., Ltd. Director, Kaohsiung Arena Development Corporation Chairman, Han Yang Global Co., Ltd. Director, Jollify4ever Ltd. Chairman, HCW Investment Co., Ltd. <u>Chairman, Ascent Development Co., Ltd.</u> Chairman, Hanshin Shopping Plaza Co., Ltd. Chairman, Hanshin Department Store Co., Ltd. Vice Chairman and Director, Grand Hi-Lai Hotel Co., Ltd. Director, Han Shen Investment Co., Ltd. Director, Star Era International Co., Ltd. Chairman, Lien Chung International Asset Management Co., Ltd. Chairman, Chi Chia Industries Co., Ltd. Chairman, Cho Chia Co., Ltd. Chairman, Chung Shen Development Co., Ltd. Chairman, Chi Yang Construction Co., Ltd. Chairman, Hsueh Yung Co., Ltd. Chairman, Chi Chia Industries Co., Ltd. Director, Verisik Inc. Chairman, Aquas Sports and Culture Co., Ltd.	None	None	None	None
Director	Republic of China	Cheng Chi Co., Ltd.		2023.06.13	Three years	2000.04.24	42,389,920	6.09%	23,124,570	6.09%	-	-	None	None	-	-	-	-		

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director Institutional shareholder representative	Republic of China	Jer-Shyong Tsai Institutional shareholder representative of Cheng Chi	Male 71~80	2023.06.13	Three years	2014.10.29	0	0.00%	0	0.00%	0	0.00%	None	None	Chairman, The Bankers Association of the Republic of China Director, Central Bank Executive Director, General Chamber of Commerce of the Republic of China Director, Taiwan Stock Exchange Corporation Chairman, Taiwan Financial Holdings Chairman, Bank of Taiwan Chairman, Land Bank of Taiwan President, First Bank (Department of International Business, National Chengchi University)	Director, Hanshin Asset Management Co., Ltd. Chairman, Han Shen Investment Co., Ltd. Director, Hanshin Shopping Plaza Co., Ltd. Director, Hanshin Department Store Co., Ltd. Director, Huang Hsiang Construction Corporation	None	None	None	None
Director Institutional shareholder representative	Republic of China	Chien-Pung Ruan- Institutional shareholder representative of Cheng Chi	Male 71~80	2023.06.13	Three years	2014.06.23	0	0.00%	0	0.00%	21,820	0.01%	None	None	Chairman, Lending Committee, The Bankers Association of the Republic of China Vice President and Chief Auditor, Land Bank of Taiwan Director, Mega Bills Finance Director, Agricultural Credit Guarantee Fund (Department of Land Economics, National Chengchi University)	Chairman, Kaohsiung Arena Development Corporation Director, Hanshin Asset Management Co., Ltd. Independent Director, Chialin Precision Industrial Co., Ltd. Director, Han Shen Investment Co., Ltd. Director, SE Security Corp.	None	None	None	None
Director Institutional shareholder representative	Republic of China	Sannie Huang Institutional shareholder representative of Cheng Chi	Male 51~60	2023.06.20	Three years	2023.06.20	12,100	0.00%	0	0.00%	0	0.00%	None	None	Deloitte Touche Tohmatsu Limited Assistant manager (Department of Accounting, Tamkang University)	Director, Hanshin Asset Management Co., Ltd. Chief financial officer, Hanshin Shopping Plaza Co., Ltd.	None	None	None	None
Director	Republic of China	Pai Ti Development Co., Ltd.		2023.06.13	Three years	2008.06.13	8,071,097	1.16%	4,402,948	1.16%	-	-	None	None	-	-	-	-	-	-



Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director Institutional shareholder representative	Republic of China	Pei-Kui Su Institutional shareholder representative of Pai Ti Development	Male 51~60	2023.06.13	Three years	2017.06.08	0	0.00%	0	0.00%	0	0.00%	None	None	Uni-President Enterprises Corp. (Department of Finance, National Sun Yat-sen University)	Hanshin Department Store Co., Ltd. Assistant Vice President, Business Management Department	None	None	None	None
Independent Director	Republic of China	Li-Yen Yang	Male 71~80	2023.06.13	Three years	2020.06.10	0	0.00%	0	0.00%	0	0.00%	None	None	Manager, South Africa Branch, Bank of Taiwan Manager, Los Angeles Branch, Bank of Taiwan Manager, International Department, Bank of Taiwan Vice President, Bank of Taiwan Managing Director and President, Hua Nan Bank Director and President, Mega Financial Holdings Managing Director and President, Mega International Commercial Bank Chairman, R.O.C. Bills Finance Association Director, Taiwan Financial Services Roundtable Co., Ltd. Consultant, Mega International Commercial Bank (from the Department of Business Management, College of Law, National Taiwan University.)	-	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Wu-Po Kuo	Male 71~80	2023.06.13	Three years	2017.06.08	0	0.00%	0	0.00%	0	0.00%	None	None	Staff, Ministry of the Interior Deputy Captain, Measurement Team, Department of Land Administration, Taipei City Government Director, Taipei Jiancheng Land Office Captain, Measurement Team, Department of Land Administration, Taipei City Government Deputy Director, Northern Region Branch, National Property Administration Director, Northern Region Branch, National Property Administration Deputy Director General, National Property Administration Director General, National Property Administration Counselor, Ministry of Finance Managing Director, Land Bank of Taiwan (Bachelor's degree, Department of Land Resources, Chinese Culture University)	-	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Chiu-Mu Tseng	Male 71~80	2023.06.13	Three years	2017.06.08	0	0.00%	0	0.00%	0	0.00%	None	None	Instructor, Air Force Institute of Technology Lecturer, National Chiayi Institute of Agriculture Director, Taipei Guting Land Office Acting Director, Taipei Shilin Land Office Secretary General, Department of Land Administration, Taipei City Government Deputy Director General, Department of Land Administration, Taipei City Government Consultant, Land Administration Agent Guild of Taipei City Consultant, Association for the Promotion of Cadastral Rights of the Republic of China Team Member, Advisory Board, Taipei City Government (Graduated from the Institute of Land Economics, National Chengchi University)	Consultant, Land Administration Agent Guild of Taipei City Team Member, Advisory Board, Taipei City Government Consultant, Taipei City Land Administration Agent Volunteer Service Association Member, Arbitration Technology and Arbitration Business Promotion Committee, Chinese Real Estate Arbitration Association	None	None	None	None

Note: Elections of all Directors were held on June 13, 2023. As of the time of the election, the Company's paid-in capital was NT\$3,800,000,000 As of April 9, 2024 the Company's paid-in capital was NT\$3,800,000,000.

Notes:

**Table 1: Major shareholders of institutional shareholders**

March 31, 2024

Name of institutional Shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	Shareholding ratio (%)
Cheng Chi Co., Ltd.	Kao Pin Co., Ltd.	97.50
	Hsi-Feng Hou	2.50
Pai Ti Development Co., Ltd.	Chi Chan Industries Co., Ltd.	10.00
	Han Kuang Co., Ltd.	90.00
Chi Chan Industries Co., Ltd.	Chi Hsuan Development Co., Ltd.	42.79
	Ku Pang Co., Ltd.	49.71
	Kao Pin Co., Ltd.	7.28
	Hsi-Feng Hou	0.22

Note 1: If Directors and Supervisors are the representatives of institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2: Fill in the names of main shareholders of the institutional shareholder (the top ten shareholders in terms of shareholding ratio) and their shareholding ratio. If the major shareholder is a juristic person, his/her name should be filled in Table 2 below.

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor and the funding or donation ratio.

**Table 2: Major shareholders of major institutional shareholders listed in Table 1**

March 31, 2024

Name of institution (Note 1)	Major shareholders of institutional shareholders (Note 2)	Shareholding ratio (%)
Kao Pin Co., Ltd.	Han Kuang Co., Ltd.	19.67
	Chuan Shang Co., Ltd.	19.67
	Chi Chia Industries Co., Ltd.	19.67
	Hsuan Ming Development Co., Ltd.	19.67
	Tsu Yan International Development Co., Ltd.	19.67
	Hsi-Feng Hou	1.64
Chi Chan Industries Co., Ltd.	Ku Pang Co., Ltd.	49.71
	Chi Hsuan Development Co., Ltd.	42.79
	Kao Pin Co., Ltd.	7.28
	Hsi-Feng Hou	0.22
Han Kuang Co., Ltd.	Kuo Pin Development Co., Ltd.	99.90
	Hsi-Feng Hou	0.10
Chi Hsuan Development Co., Ltd.	Kao Pin Co., Ltd.	64.94
	Chi Chan Industries Co., Ltd.	35.05
	Hsi-Feng Hou	0.01
Ku Pang Co., Ltd.	Kao Pin Co., Ltd.	99.15
	Hsi-Feng Hou	0.85

Note 1: If the major shareholders in Table 1 are institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2: Fill in the names of main shareholders of the institution (the top ten shareholders in terms of shareholding ratio) and their shareholding ratio.

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor and the funding or donation ratio.

Information on Directors (2)

I. Disclosure of information on the professional qualifications of Directors and independence of Independent Directors:

Name	Qualifications Professional Qualifications and Experience	Compliance of independence (Note)	Number of positions as an Independent Director in other public companies
Director			

<p>Chi Chan Industries Co., Ltd. Representative: Tzu-Kuan Lin</p>	<p>Graduated from the Chinese Culture University and currently serves as the Chairman of the Board of Directors of the Company. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the hotel industry and related fields for nearly 20 years. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.</p>	<p>Note: The Director meets any of the following criteria in the two years before being elected or during the term of office:</p> <ol style="list-style-type: none"> <li>(1) Not employed by the Company or any of its affiliates.</li> <li>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.</li> <li>(3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in (1) or any of the persons mentioned in (2) and (3).</li> <li>(4) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).</li> <li>(5) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).</li> <li>(6) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).</li> <li>(7) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> <li>(8) Not a spouse or a relative within two degrees of kinship with any other director.</li> <li>(9) Does not meet any of the conditions stated in Article 30 of the Company Act.</li> </ol>	<p>0</p>
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<p>Chi Chan Industries Co., Ltd. Representative: Chia-Chi Hou</p>	<p>Graduated with from the Department of Applied Mathematics and Chemical Engineering, Johns Hopkins University, Master/PhD in Department of Bioengineering, Stanford University. She currently serves as the Director of the Company, representative and Chairman of Hanshin Shopping Plaza, and representative of corporate directors of multiple listed companies. She has more than five years of necessary work experience in business, finance, big data, and corporate affairs and has the strategic planning, business management, marketing, and professional leadership skills for leading the Company in sustainable development in the tech industry.</p>	<p>Note: The Director meets any of the following criteria in the two years before being elected or during the term of office, s:</p> <ol style="list-style-type: none"> <li>(1) Not employed by the Company or any of its affiliates.</li> <li>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.</li> <li>(3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in (1) or any of the persons mentioned in (2) and (3).</li> <li>(4) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the total issued shares of the company, or a top 5 shareholder, or a director or supervisor representative appointed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (excluding independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).</li> <li>(5) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).</li> <li>(6) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company</li> </ol>	<p>0</p>
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<p>Cheng Chi Co., Ltd. Representative: Jer-Shyong Tsai</p>	<p>Graduated from the Department of International Business of National Chengchi University. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the finance industry and related fields for nearly 20 years. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.</p>	<p>(except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).</p> <p>(7) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).</p> <p>(8) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p>	<p>0</p>
<p>Cheng Chi Co., Ltd. Representative: Chien-Pung Ruan</p>	<p>Graduated from the Department of Land Economics, National Chengchi University. He has more than five years of necessary work experience in business, finance, accounting and corporate affairs and has worked in the finance industry and related fields. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.</p>	<p>(9) Not a spouse or a relative within two degrees of kinship with any other director.</p> <p>(10) Does not meet any of the conditions stated in Article 30 of the Company Act.</p>	<p>1</p>



<p>Cheng Chi Co., Ltd. Representative: SANNIE HUANG</p>	<p>Graduated from the Department of Accounting, Tamkang University. He has more than five years of necessary work experience in business and corporate affairs. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.</p>		<p>0</p>
<p>Pai Ti Development Co., Ltd. Representative: Pei-Kui Su</p>	<p>Graduated from the Department of Finance, National Sun Yat-sen University. He has more than five years of necessary work experience in business, finance, accounting and corporate affairs. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.</p>		<p>0</p>

Independent Director

<p>Li-Yen Yang</p>	<p>Graduated from the Department of Business Management, College of Law, National Taiwan University. Qualified in the Senior Examination for Field Operations of Financial Personnel in 1978. He currently serves as the convener of the Company's Remuneration Committee and convener of the Audit Committee. He has more than five years of necessary work experience in legal affairs, business, finance, and corporate affairs and has worked in the finance industry and related fields for nearly 20 years, with experience in legal affairs, corporate finance, and accounting.</p>	<p>Note: The Director meets any of the following criteria in the two years before being elected or during the term of office,</p> <ol style="list-style-type: none"> <li>(1) Not employed by the Company or any of its affiliates.</li> <li>(2) Not a director or supervisor of the company or its affiliates (this restriction does not apply to independent directors in the company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).</li> <li>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.</li> <li>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in (1) or any of the persons mentioned in (2) and (3).</li> <li>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the total issued shares of the company, or a top 5 shareholder, or a director or supervisor representative appointed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (excluding independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).</li> </ol>	<p>0</p>
<p>Wu-Po Kuo</p>	<p>Graduated with a bachelor's degree, Department of Land Resources, Chinese Culture University and graduated from the Institute of Public Administration, National Chengchi University. Qualified in the Senior Examination for Land Administration in 1975. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei and National Property Administration of the Ministry of Finance for nearly 20 years, with experience in land administration and finance.</p>	<ol style="list-style-type: none"> <li>(6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).</li> <li>(7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).</li> <li>(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).</li> <li>(9) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the</li> </ol>	<p>0</p>

Chiu-Mu Tseng	Graduated from the Institute of Land Economics, National Chengchi University. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei for nearly 30 years, with experience in land administration.	<p>remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(10) Not a spouse or a relative within two degrees of kinship with any other director.</p> <p>(11) Does not meet any of the conditions stated in Article 30 of the Company Act.</p> <p>(12) Not elected as a government or corporate representative, as described in Article 27 of the Company Act.</p>	0
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## II. Diversity and independence of the Board of Directors

To strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, in line with Paragraph 3, Article 20 of the Company's "Corporate Governance Best Practice Principles", diversity shall be considered in the composition of Board members. Directors who are also managers in the Company may not take up more than one-third of all seats. In addition, appropriate diversity policies shall be stipulated reflective of the Company's operation status, operational pattern, and developmental needs, which shall include, without limitation, the following two major aspects:

1. Basic requirements and values: Gender, age, nationality, and culture and etc., in which the ratio of female Directors should reach one-third or more of all seats.
2. Professional knowledge and expertise: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members shall be equipped with knowledge, skills, and attainments generally required for performing their tasks. In order to accomplish the preferred governance goals of the Company, the Board of Directors shall generally be equipped with the following capabilities:

1. Ability to make sound business judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to manage a business.
4. Ability to handle crisis management.
5. Industrial knowledge.
6. An international market perspective.
7. Leadership.
8. Decision-making ability.

The Company's Board of Directors consists of 9 Directors (including 3 Independent Directors). Independent Directors account for 30% of all members. The company attaches great importance to gender equality in the composition of the board of directors and has achieved the goal of including at least one female director who accounts for 11% of all members. In terms of the age distribution, 1 Director is aged 31 to 40, 2 Director is aged 51 to 60, 1 Directors are aged 61 to 70, and 5 Directors are aged 71 to 80. With regard to the terms of office of Independent Directors, two Independent Directors have served more than 3 years . No Independent Director has served more than 3 consecutive terms. Their qualifications meet the regulations for Independent Directors in regulations and they are familiar with the operations of the Company. The progress is detailed in the table below:

Name	Job title	Nationality	Gender	Status as employee	Age			Independent Director office term	Core diversity skills									
					31-40 years old	51-60 years old	61-70 years old		71-80 years old	Less than 3 years	3 years or above	Business management	Legal affairs and real estate	Finance	Accounting and business	Marketing management	Information technology	Risk management
Tzu-Kuan Lin	Chairman	Republic of China	Male	-			V			V		V	V	V	V	V	V	V
Chia-Chi Hou	Director	Republic of China	Female	-	V					V		V	V	V	V	V	V	V
Jer-Shyong Tsai	Director	Republic of China	Male	-			V			V	V	V	V	V	V			V
Chien-Pung Ruan	Director	Republic of China	Male	-			V			V	V	V	V	V	V			V
Sannie Huang	Director	Republic of China	Male	-	V					V		V	V	V	V			V
Pei-Kui Su	Director	Republic of China	Male	-	V					V		V		V	V	V		V
Li-Yen Yang	Independent Director	Republic of China	Male	-			V		V	V	V	V						V
Wu-Po Kuo	Independent Director	Republic of China	Male	-			V		V		V	V						V
Chiu-Mu Tseng	Independent Director	Republic of China	Male	-			V		V		V							V

III. Specific management targets and implementation status of the policy on diversification of board members:

Management target	Implementation status
Directors who serve concurrently as managers should not exceed one third of the Board of Directors	Achieved
The Board of Directors has at least one female member	Achieved
No more than three consecutive terms for Independent Director	Achieved

## (II) Information on the President, Vice Presidents, Assistant Vice Presidents, and heads of departments and subsidiaries

March 31, 2021

Title (Note 1)	Nationality	Name	Gender	Date elected(appoint ed)	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education) (Note 2)	Current position in other companies	Has a spouse or a relative within the second degree of kinship who is the Company's manager			Remarks (Note 3)
					Number of shares	Sharehol ding ratio	Number of shares	Sharehold ing ratio	Numb er of shares	Sharehol ding ratio			Title	Name	Relati onshi p	
President	Republic of China	Shao-Ling Peng	Female	2008.06.18	218,340	0.06%	0	0.00%	None	None	Vice President, Yu Chieh Construction Co., Ltd. (Tungnan University)	Director, Hanshin Department Store Co., Ltd.; Director, Hanshin Shopping Plaza Co., Ltd.; Director, Grand Hi-Lai Hotel Co., Ltd.; Director, Hi-Lai Foods Co., Ltd.; Director, Shang Yang International Asset Management Co., Ltd.; Director, Shen Yang Construction Co., Ltd.; Director, Che Yang Agricultural Technology Co., Ltd.; Director, Chi Yang Construction Co., Ltd.; Director, Star Era International Co., Ltd. Director, Chi Yang Construction Co., Ltd.; Director, SE Security Corp.	None	None	None	None
President's Office Vice President	Republic of China	Cheng- Hsiung Hsieh	Male	2015.07.20	128	0.00%	11,589	0.00%	None	None	(Manager, Han Yang Construction)	Supervisor, Sweet Me Hot Spring Resort Co., Ltd.; Director, Chi Yang Construction Co., Ltd. Director,	None	None	None	None
Assistant Vice President, Planning Division	Republic of China	Yun-Ti Cheng	Male	2016.03.15	12,000	0.00%	0	0.00%	None	None	Assistant Vice President, Ting Ho Development Co., Ltd. (Master's degree, Department of Architecture, Tamkang University)	None	None	None	None	
Assistant Vice President, Planning Division	Republic of China	Lin-Wei Hsiao	Male	2015.06.09	5,727	0.00%	0	0.00%	None	None	(Master's degree, Department of Architecture, Tamkang University)	None	None	None	None	
Assistant Vice President, Engineering Division	Republic of China	Wen-Ho Hsu	Male	2015.06.09	4,364	0.00%	0	0.00%	None	None	Assistant Vice President, Lu Chiang Construction (Graduate Institute of Civil and Disaster Prevention Engineering, National Taipei University of Technology)	None	None	None	None	
Assistant Vice President of the Finance Division and Accounting Manager	Republic of China	Cheng-I Wang	Female	2015.07.20 2008.08.15	27,276	0.01%	0	0.00%	None	None	Accounting Manager, Crowell Development (China University of Technology)	Supervisor, Shang Yang International Asset Management Co., Ltd.; Supervisor, Shen Yang Construction Co., Ltd.; Supervisor, Che Yang Agricultural Technology Co., Ltd.; Supervisor, Hi-Lai Hotel Co., Ltd.; Supervisor, Silvershine Technology Inc.; Supervisor, Chi Yang Construction Co., Ltd.	None	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date elected (appointed)	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education) (Note 2)	Current position in other companies	Has a spouse or a relative within the second degree of kinship who is the Company's manager			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Assistant Vice President, Sales Division	Republic of China	Meng-Hui Lien	Female	2017.04.24	0	0.00%	0	0.00%	None	None	Secretary, Cinti Leghorn Co., Ltd. Sales and administration staff, Chang Hsuan Construction Co., Ltd. Sales and administration staff, Kuo Yang Construction Co., Ltd. Sales and administration staff, Ming Fu Development Co., Ltd. Assistant Vice President, Hiyes Corporation Ltd. (Yu Da University of Science and Technology, Comprehensive Business Studies Department)	None	None	None	None	None
Manager, Audit Office	Republic of China	Yue-Hua Li	Female	2008.08.15	0	0.00%	0	0.00%	None	None	Accounting Manager, Ching Yang Construction Co., Ltd. (Yu Da University of Science and Technology Department of Finance/Accounting)	None	None	None	None	None

PS: Note 1: Information regarding the President, Vice Presidents, Assistant Vice Presidents, heads of departments and branches should be included and information regarding positions equivalent to President, Vice Presidents, Assistant Vice Presidents shall be disclosed regardless of job title.

Note 2: Experience related to the current position. If the individual had served in the certifying CPA firm or an affiliated enterprise in the aforementioned period, the position and job functions shall be described.

Note 3: Where the Chairman, President, or individual with equivalent roles are the same individual, spouses, or relatives within the first degree of kinship, the Company shall disclose related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managers).



### III. Remunerations to Directors, President, and Vice Presidents in recent years

Remuneration paid to Directors and Independent Directors (disclosure of the name and remuneration of each individual) Unit: NTD

Title	Name	Remuneration for Directors								Total remuneration (A+B+C+D) as a percentage of net income after tax (Note 10)		Remuneration received as the Company's employee						Ratio of total compensation (A+B+C+D+E+F+G) to after-tax income (Note 10)		Remuneration received from investees other than subsidiaries (Note 11)		
		Remuneration (A) (Note 2)		Severance pay and pension (B)		Remuneration for Directors (C) (Note 3) (Proposed amount)		Project implementation expenses (D) (Note 4)				Salary, bonuses, and allowances (E) (Note 5)		Employee remuneration (G) (Note 6)								
		The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies included in the Financial Report (Note 7)			
Chairman	Chi Chan Industries Co., Ltd. Representative: Tzu-Kuan Lin	110,000	110,000	0	0	1,134,772	1,134,772	0	0	0.4092%	0.4092%	0	0	0	0	0	0	0	0	0.4092%	0.4092%	None
Director	Cheng Chi Co., Ltd. Representative: Jer-Shyong Tsai	110,000	110,000	0	0	1,134,772	1,134,772	0	0	0.4092%	0.4092%	0	0	0	0	0	0	0	0	0.4092%	0.4092%	None
Director	Cheng Chi Co., Ltd. Representative: Chien-Pung Ruan	100,000	100,000	0	0	1,134,772	1,134,772	0	0	0.4092%	0.4092%	0	0	0	0	0	0	0	0	0.4092%	0.4092%	None
Director	Chi Chan Industries Co., Ltd. Representative: Chia-Chi Hou	100,000	100,000	0	0	1,134,772	1,134,772	0	0	0.4092%	0.4092%	0	0	0	0	0	0	0	0	0.4092%	0.4092%	None
Director	Cheng Chi Co., Ltd. Representative: Sannie Huang	40,000	40,000			567,386	567,386			0.1997%	0.1997%									0.1997%	0.1997%	
Director	Cheng Chi Co., Ltd. Representative: Fu-chih Chiu	10,000	10,000			0	0			0.0%	0.0%									0.0%	0.0%	
Director	Cheng Chi Co., Ltd. Representative: Tung-Ming Su	70,000	70,000	0	0	567,385	567,385	0	0	0.2095%	0.2095%	0	0	0	0	0	0	0	0	0.2095%	0.2095%	None

Director	Pai Ti Development Co., Ltd. Representative: Pei-Kui Su	110,000	110,000	0	0	1,134,771	1,134,771	0	0	0.4092%	0.4092%	0	0	0	0	0	0	0	0	0.4092%	0.4092%	None
Independent Director	Li-Yen Yang	730,000	730,000	0	0	0	0	0	0	0.2400%	0.2400%	0	0	0	0	0	0	0	0	0.2400%	0.2400%	None
Independent Director	Wu-Po Kuo	780,000	780,000	0	0	0	0	0	0	0.2554%	0.2554%	0	0	0	0	0	0	0	0	0.2554%	0.2554%	None
Independent Director	Chiu-Mu Tseng	780,000	780,000	0	0			0	0	0.2564%	0.2564%	0	0	0	0	0	0	0	0	0.2564%	0.2564%	None
<p>1. Please describe the policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: According to the Company's "Remuneration Committee Charter", the Committee shall regularly review the Company's policies, systems, standards, and structure for the performance evaluation, salary, and remuneration of the Directors, Independent Directors, and managers. (1) Transportation expenses: Payment for attendance in meetings of the Board of Directors. The attendance fee is NT\$10,000 per person. (2) Fixed remuneration: Fixed remuneration of NT\$50,000 per month.(3) Non-fixed remuneration: No such remuneration for Directors.</p> <p>2. Except as disclosed above, remuneration received by Directors in the latest year for on-balance sheet services (e.g., consulting service for the parent company/all companies included in the financial statements/non-employee in investee etc.) rendered to the Company: None</p>																						
<p>Note : Cheng Chi Co., Ltd.Representative: Tung-Ming Su 2023/06/13Shareholders meeting comprehensively re-elects and resigns,( Fu-chih Chiu 2023/06/13 Shareholders meeting comprehensively re-elects and resigns,and 2023/6/20 Corporate director reassigned and resigned).</p>																						

Range of remuneration chart

Range of remuneration paid to the Directors of the Company	Name of Director			
	Total amount of the 4 preceding remunerations (A+B+C+D)		Total amount of the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the Financial Report (Note 9) H	The Company (Note 8)	All companies included in the Financial Report (Note 9) I
Less than NT\$1,000,000	Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng、Sannie Huang、Fu-chih Chiu、Tung-Ming Su,	Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng、Sannie Huang、Fu-chih Chiu、Tung-Ming Su,	Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng、Sannie Huang、Fu-chih Chiu、Tung-Ming Su,	Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng、Sannie Huang、Fu-chih Chiu、Tung-Ming Su,
NT\$1,000,000(inclusive)to NT\$2,000,000(exclusive)	Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, Chia-Chi Hou, Pei-Kui Su,	Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, Chia-Chi Hou,, Pei-Kui Su,	Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su,	Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su,
NT\$2,000,000(inclusive)to NT\$3,500,000(exclusive)				
NT\$3,500,000(inclusive)to NT\$5,000,000(exclusive)				
NT\$5,000,000(inclusive)to NT\$10,000,000(exclusive)				
NT\$10,000,000(inclusive)to NT\$15,000,000(exclusive)				
NT\$15,000,000(inclusive)to NT\$30,000,000(exclusive)				
NT\$30,000,000(inclusive)to NT\$50,000,000(exclusive)				
NT\$50,000,000(inclusive)to NT\$100,000,000(exclusive)				
Higher than NT\$100,000,000				
Total	11 persons	11 persons	11persons	9 persons

Note 1: The names of the Directors must be separately listed (for institutional shareholders, the names of institutional shareholders and representatives should be listed respectively) and the payment amounts shall be disclosed using the summary disclosure method. If a Director concurrently serves as the President or Vice President, fill out this Table and Table (3-1) or (3-2) below.

Note 2: Remuneration to Directors in the most recent year (include the Directors' salary, additional duty payments, severance pay, various bonuses, or incentive payments).

Note 3: The amount is the proposed remuneration to directors approved by the Board of Directors for the most recent fiscal year.

Note 4: This refers to the project implementation expenses of Directors in the past year (including transportation expenses, special allowance, stipends, dormitory, and car). If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the

compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration.

Note 5: All payments to Directors who are also employees of the Company (including the President, Vice Presidents, other managers, and employees), including salary, additional duty payment, severance pay, various bonuses, incentive payments, transportation expenses, special allowance, stipends, dormitory, and car. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2-"Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 6: For Directors concurrently serving as employees (including the President, Vice Presidents, other managers and employees) who receive employee remuneration (including shares and cash), the amount of employee remuneration that have been approved by the Board of Directors and distributed to them in the most recent fiscal year shall be disclosed. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Note 7: Total pay to Directors from all companies in the consolidated statements (including the Company) shall be disclosed.

Note 8: The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the Director by the Company.

Note 9: The total amount of all the remuneration paid to each Director of the Company by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed. The name of each Director shall be disclosed in the range of remuneration.

Note 10: The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 11: a. The amount of remuneration received from subsidiaries other than investee companies by the Company's Directors shall be stated clearly in this column.

b. If a Director of the Company receives remuneration from investee companies other than subsidiaries, the amount of remuneration received by the director from investee companies other than subsidiaries shall be combined into Column I of the range of remuneration chart, and the name of this column shall be changed to "All Investee Companies".

c. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by a director of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.

Remunerations for Supervisors (range of remuneration with name disclosure): The Company has established an Audit Committee.

Remuneration for the President and Vice Presidents (disclosure of the name and remuneration of each individual)

Unit: NT\$1,000

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and allowances, etc. (C) (Note 3)		Employee remuneration (D) (Note 4) (Proposed amount)				Total remuneration (A+B+C+D) as a percentage of net income after tax (Note 8)		Remuneration from investee companies other than subsidiaries or the parent company (Note 9)
		The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company		All companies included in the Financial Report (Note 5)		The Company	All companies included in the Financial Report (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Shao-Ling Peng	9,123	9,123	0	0	0	0	79	0	79	0	3.0250%	3.0250%	None
President's Office Vice President	Cheng-Hsiung Hsieh	2,983	2,983	0	0	0	0	30	0	30	0	0.9905%	0.9905%	None

Range of remuneration paid to Presidents and Vice Presidents	Name of President and Vice Presidents	
	The Company (Note 7)	All companies included in the Financial Report (Note 8) <u>E</u>
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Cheng-Hsiung Hsieh	Cheng-Hsiung Hsieh
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Shao-Ling Peng	Shao-Ling Peng
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)		
Higher than NT\$100,000,000		
Total	2 persons	2 persons

Note 1: The names of President and Vice Presidents shall be listed separately and the amounts paid shall be disclosed in a summary. If a Director concurrently serves as the President or Vice President, fill out this Table and Table (1-1) or (1-2) above.

Note 2: Salary, additional duty payments, and severance pay received by the President and Vice Presidents in the past year.

Note 3: Bonus, incentive payments, transportation expenses, special allowance, stipends, dormitory, car, and other payments received by the President or Vice President in the past year. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2-"Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 4: The amount of employee remuneration (including shares and cash) that have been approved by the Board of Directors and distributed to the President and Vice Presidents in the most recent fiscal year. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 5: The total pay to the President or Vice President from all companies in the consolidated statements (including the Company) shall be disclosed.

Note 6: The names and remuneration of President and Vice Presidents paid by the Company shall be disclosed in their respective remuneration range.

Note 7: The names of the President and Vice Presidents paid by all companies in the consolidated statements (including the Company) shall be disclosed in their respective remuneration range.

Note 8: The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 9: a. This field shows the amount of remuneration the President and Vice Presidents of the Company

- receive from investees other than subsidiaries of the Company.
- b. If the President and Vice President of the Company receive remuneration from investees other than subsidiaries of the Company, the remuneration received by the President and Vice Presidents of the Company from investees other than subsidiaries of the Company shall be included in column E of the range of remuneration chart and the name of this column shall be changed to "All Investee Companies".
  - c. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by the President and Vice Presidents of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.
- \* The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

**Remuneration paid to the top five highest paid managers (disclosure of the name and remuneration of each individual) (Note 1)**

Unit: NT\$1,000

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and allowances, etc. (C) (Note 3)		Employee remuneration (D) (Note 4) (Proposed amount)				Total remuneration(A+B+C+D) as a percentage of net income after tax (Note 6)		Remuneration from investee companies other than subsidiaries or the parent company (Note 7)
		The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company		All companies included in the Financial Report (Note 5)		The Company	All companies included in the Financial Report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Shao-Ling Peng	9,123	9,123	0	0	0	0	79	0	79	0	3.0250%	3.0250%	None
Assistant Vice President	Yun-Ti Cheng	4,119	4,119	0	0	0	0	41	0	41	0	3.0250%	3.0250%	None
Assistant Vice President	Wen-Ho Hsu	3,758	3,758	0	0	0	0	34	0	34	0	1.3675%	1.3675%	None
Assistant Vice President	Meng-Hui Lien	3,410	3,410	0	0	0	0	34	0	34	0	1.2466%	1.2466%	None
Assistant Vice President	Cheng-I Wang	3,295	3,295	0	0	0	0	30	0	30	0	1.1322%	1.1322%	None

Note 1: The "top five highest paid managers" refer the Company's manager. The definitions of managers shall be based on the applicable scope for "managers" specified in the Tai-Cai-Zheng-3 No. 0920001301 Order issued by the Securities and Futures Administration Commission on March 27, 2003. The principles for the calculation and determination of the "top five highest paid managers" shall be based on the sum of the salary, severance pay and pension, bonuses, allowances, etc. received by the manager from all companies in the consolidated financial statements, and the employee remuneration (i.e., sum of A+B+C+D), and the individuals with the top five highest remuneration shall be included. If a Director concurrently serves as one of the aforementioned managers, fill out this Table and Table (1-1) above.

Note 2: Salary, additional duty payments, and severance pay received by the top five highest paid managers in the past year.

Note 3: Bonus, incentive payments, transportation expenses, special allowance, stipends, dormitory, car, and other payments received by the top five highest paid managers in the past year. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount



shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2-"Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

- Note 4: The amount of employee remuneration (including shares and cash) that have been approved by the Board of Directors and distributed to the top five highest paid managers in the most recent fiscal year. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.
- Note 5: Total remuneration to the top five highest paid managers from all companies in the consolidated statements (including the Company) shall be disclosed.
- Note 6: The after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.
- Note 7: a. The amount of remuneration received from subsidiaries other than investee companies or the parent company by the Company's top five highest paid managers shall be stated clearly in this column (please specify "none" if there is no remuneration).  
b. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by top five highest paid managers of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries or the parent company.
- \* The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

## Manager's name and the distribution of employee remuneration:

March 31, 2024 Unit: NT\$1,000

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount (Proposed amount)	Total	Total remuneration as a percentage of net profit after tax
Manager	President	Shao-Ling Peng	0	272	272	0.0894
	Vice Presidents, President's Office	Cheng-Hsiung Hsieh				
	Assistant Vice President of the Finance Division and Accounting Manager	Cheng-I Wang				
	Assistant Vice President, Planning Division	Yun-Ti Cheng				
	Assistant Vice President, Planning Division	Lin-Wei Hsiao				
	Assistant Vice President, Engineering Division	Wen-Ho Hsu				
	Assistant Vice President, Sales Division	Meng-Hui Lien				

Note 1: The names and titles of the individuals must be disclosed, but the disclosure may be shown in aggregate profit distribution.

Note 2: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the managers in the most recent fiscal year. If this amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year. The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 3: The scope of application for the term "managerial officer" shall be pursuant to the FSC's Tai-Cai-Zheng-3 No. 0920001301 Order dated March 27, 2003. Its scope of application shall be as follows:

- (1) The President and those with equivalent powers
- (2) Vice Presidents and those with equivalent powers
- (3) Assistant Vice Presidents and those with equivalent powers
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other individuals with the authority for managing company affairs and signatory rights

Note 4: Directors, Presidents, and Vice Presidents who receive employee rewards (including shares and cash) must be listed in Table 1-2 and this table.

- (4) Comparison and analysis of remunerations to Directors, Supervisors, President, and Vice Presidents of the Company by the Company and all companies in the consolidated financial statements as a percentage of net profit after tax in the parent company only or individual financial reports in the last two years, and description of the policy, standards, and packages of remunerations, procedure for making such decision and relation to business performance and future risks:

A. Analysis of total remuneration paid to the Company's Directors, Supervisors, President, and Vice Presidents in the last two years as a percentage of the net profit after tax in the parent company only or individual financial report

Title	2022		2023	
	Total remuneration as a percentage of net loss after tax		Total remuneration as a percentage of net profit after tax	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	2.9369%	2.9369%	3.2047%	3.2047%
Supervisor	-	-	-	-
President and Vice Presidents	2.9237%	2.9237%	4.0155%	4.0155%

B. Remuneration policies, standards and packages, procedures for determining remuneration, and correlation of remuneration with business performance and future risks:

(a) The percentage allocated for the total remuneration of the Company's directors, president, and vice presidents in 2023 increased compared with 2022, which was due to the increase in net profit after tax in 2023.

(b) Director:

Transportation expenses: Directors receive an attendance fee of NT\$10,000 for each meeting.

Remuneration: According to the Company's Articles of Incorporation, if there is a profit in the current year, no more than 5% of the pre-tax profit may be allocated as directors' remuneration (currently 2% is allocated). However, if the Company still has accumulated losses, a proportion of profit shall be reserved in advance to make up for losses.

The Company's remuneration to directors takes into consideration their participation in the Company's operations and performance evaluation, which mainly evaluates directors' familiarity with the goals and missions of the Company, knowledge of directors' duties, participation in the Company's operations, management of internal relations and communication, professional and continuous education of directors, and internal control.

(c) President and Vice Presidents

According to the Company's Articles of Incorporation, 0.5% to 5% of the pre-tax profit (excluding directors' remuneration and employee bonuses) shall be allocated as employee bonuses for the president and vice presidents (currently 2% is allocated). However, if the Company still has accumulated losses, a proportion of profit shall be reserved in advance to make up for losses.

The remuneration policy for the president and vice presidents is to provide reasonable remuneration (including base salary, meal allowance, and additional pay for supervisors) based on the "Rank and Salary Range Table" approved by the board of directors, which takes into consideration experience, seniority, business performance, responsibilities and contributions, and industry standards.

(D) The Company's policies, systems, standards, and structure for the performance evaluation and remuneration of directors and managers are regularly reviewed in accordance with the Company's "Remuneration Committee Charter," and submitted to the board of directors for approval after being reviewed by the Remuneration Committee.

(E) Connection with business performance and future risk: Review of payment standards and system of the Company's remuneration policy mainly considers the Company's overall business situation, and payments are made based on performance and contribution. We also reference the industry's remuneration standards to ensure that remuneration to managers is competitive in the industry, in order to retain outstanding managerial talent. Risk factors are all taken into consideration by the Company's management when making important decision. The performance of related decisions reflects on the Company's profitability, and is further connected to the remuneration and risk management performance of managers.

#### IV. Implementation of corporate governance

##### (I) Operations of the Board of Directors

###### Information on operations of the Board of Directors

The Board of Directors convened 8 meetings(A)in 2023. The attendance of Directors and Supervisors was as follows:

Title	Name	Attendance in person B	Attendances by proxy	Attendance in person rate (%) (B/A) (Note 2)	Remarks
Chairman (Note 1)	Tzu-Kuan Lin	8	0	100%	2023/06/07 re-elected
Director (Note 2)	Jer-Shyong Tsai	8	0	100%	2023/06/07 re-elected
Director (Note 2)	Chien-Pung Ruan	8	0	100%	2023/06/07 re-elected
Director (Note 1)	Chia-Chi Hou	7	1	87.5%	2023/06/07 re-elected
Director (Note 2)	Tung-Ming Su	3	1	75%	2023/06/07 re-elected
Director (Note 2)	Fu-chih Chiu	1	0	100%	2023/06/07 re-elect new 2023/06/20 reassigned to resign
Director (Note 2)	Sannie Huang	3	0	100%	2023/06/20 reassign new appointment
Director (Note 3)	Pei-Kui Su	8	0	100%	2023/06/07 re-elected
Independent Director	Li-Yen Yang	6	1	75%	2023/06/07 re-elected
Independent Director	Wu-Po Kuo	8	0	100%	2023/06/07 re-elected
Independent Director	Chiu-Mu Tseng	8	0	100%	2023/06/07 re-elected

###### Other disclosures:

I. The date of the Board meeting, the term, contents of the proposals, opinions of all Independent Directors, and the Company's handling of opinions of Independent Directors shall be recorded under the following circumstances in the operations of the Board of Directors meeting:

(I) Items specified in Article 14-3 of the Securities and Exchange Act:

1. The adoption or amendment, pursuant to Article 36-1, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.

None.

2. Matters in which a director or supervisor is an interested party: None

3. Loans of funds, endorsements, or provision of guarantees of a material nature: The following information is provided in Item 8 in the "Implementation of corporate governance":

(1) Important resolution 10, passed in the 2th meeting of the Board of Directors on March 14, 2023.

(2) Important resolutions<sup>2</sup> passed in the 6th meeting of the Board of Directors on August 7, 2023.

(3) Important resolutions 2,3 passed in the 8th meeting of the Board of Directors on November 6, 2023.

The aforementioned motions were passed unanimously by all Independent Directors in attendance.

4. The hiring or dismissal of a certified public accountant, or their compensation: None

(II) With the exception of the aforementioned items, resolutions adopted by the Board of Directors, to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None

II. Directors abstaining in certain proposals for being a stakeholder (the name of the Director(s), the content of the proposal, reasons for abstentions and the results of voting counts shall be stated):

(I) March 14, 2022:

1. With regard to the Company's joint investment and development of land on Jiangbei Section, Xizhi District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to apply for a working capital financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee.. Except for the Directors Tzu-Kuan Lin, Chia-Chi Hou, Jer-Shyong Tsai, and Chien-Pung Ruan, who recused themselves from the discussion and voting in accordance with Article 206 of the Company Act, the proposal was passed unanimously by all other Directors in attendance.

2. With regard to the Company's joint investment and development of land on Zhongxing Section, Sanchong District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to apply for a change in the original borrower as well as matters related to construction financing credit from First Bank., Except for the Directors Chia-Chi Hou, Jer-Shyong Tsai, and Chien-Pung Ruan, who recused themselves from the discussion and voting in accordance with Article 206 of the Company Act, the proposal was passed unanimously by all other Directors in attendance.

III. The company listed on TWSE/TPEX shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the evaluation of the Board of Directors. Refer to the Board of Directors evaluation status in the table.

IV. Programs in the current and most recent year adopted to strengthen the functionality of the Board (for example, establishment of an Audit Committee, improvement of information transparency, etc.) and execution evaluation: The Company established the Audit Committee on June 8, 2017.

(I) Strengthening the functionality of the Board

1.No Director of the Company is a spouse or a relative within two degrees of kinship with any other Director.

2.All operations of the Company's Board of Directors are processed in accordance with applicable laws and regulations.

3.Members of the Company's Board of Directors attend continuing education courses on corporate governance organized by institutions specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.

(II) Improvement of information transparency, etc.

The Company's financial statements are regularly audited and certified by PricewaterhouseCoopers, Taiwan. All information disclosures required by laws and regulations are correctly and promptly completed, and we assign designated personnel to take charge of the collection and disclosure of the Company's information. We also established a spokesperson system to ensure the prompt and adequate disclosure of material information.

Note 1: Representative of Chi Chan Industries Co., Ltd.

Note 2: Representative of Cheng Chi Co., Ltd.

Note 3: Representative of Pai Ti Development Co., Ltd.

- (1) If a Director or Supervisor has resigned before the end of the year, the resignation date must be specified in the remarks section. The attendance rate (%) shall be calculated by dividing the number of the Board of Directors meetings held during the period by the number of the meetings that the Director or Supervisor has actually attended.
- (2) If a Director or Supervisor has been reelected before the end of the year, the names of the new and old Director and Supervisors must be filled in and the resignation, new appointment, second term appointment, or reelection dates shall be specified in the remarks section. The attendance rate (%) shall be calculated by dividing the number of the Board meetings held during the period by the number of the meetings that the Director or Supervisor has actually attended.

(II) Board of Directors evaluation status:

To fulfill corporate governance and enhance the functions of the Board of Directors, and to formulate performance targets in order to strengthen the operational efficiency of the Board, the Company's Board of Directors has formulated the "Rules for Performance Evaluation of Board of Directors" in a Board meeting convened on November 9, 2020. The Rules specified that the Board of Directors shall execute at least one performance evaluation targeting the Board of Directors, the individual Directors, and the functional committees (Including Audit Committee and Remuneration Committee) in each year, and the internal evaluation should be executed in line with the Rules at the end of each year.

The evaluation is carried out by the secretariat of the Company's board of directors using an internal questionnaire. The questionnaires are collected and analyzed before the end of each year, and the results are reported to the board of directors. Measures for improvement are proposed in response to directors' suggestions. Aspects evaluated are as follows :

Board of Directors evaluation status

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
At least once every year	2023 Evaluation period (2023/1/1~2023/12/31)	Board of Directors	Self-evaluation of individual Directors	<ol style="list-style-type: none"> <li>1. Participation in the operation of the company</li> <li>2. Quality of the board of directors' decision making</li> <li>3. Composition and structure of the board of directors</li> <li>4. Election and continuing education of the directors</li> <li>5. Internal control</li> </ol>
		Individual Directors		<ol style="list-style-type: none"> <li>1. Familiarity with the goals and missions of the company</li> <li>2. Awareness of the duties of a director</li> <li>3. Participation in the operation of the company</li> <li>4. Management of internal relationship and communication</li> <li>5. The director's professionalism and continuing education</li> <li>6. Internal control</li> </ol>
		Functional committees (Audit Committee)		<ol style="list-style-type: none"> <li>1. Participation in the operation of the company</li> <li>2. Knowledge of the duties of the functional committee</li> <li>3. Quality of functional committee's decisions</li> <li>4. Functional committee composition and election of members</li> <li>5. Internal control</li> </ol>
		Functional committees (Remuneration Committee)		<ol style="list-style-type: none"> <li>1. Participation in the operation of the company</li> <li>2. Knowledge of the duties of the functional committee</li> <li>3. Quality of functional</li> </ol>

				committee's decisions 4. Functional committee composition and election of members
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Implementation status: The Company's 2024 performance evaluation was submitted to the Board of Directors on January 8, 2024. The evaluation results and items that required extra efforts have been submitted, and the evaluation scores were good.

Evaluation results:

- I. The overall Board of Directors is functioning well, and strictly handles matters in accordance with the Company's internal regulations. All members of the Board of Directors actively participate, and can reach the best resolution through discussion and communication. They have effectively performed the duties of the directors. The composition and duties of the functional committees are handled in accordance with relevant laws and regulations or company regulations, and meet corporate governance requirements
- II. In the future, the Company's planning will be gradually refined towards sustainable development of corporate governance



(II) Operations of the Audit Committee:

Information on the operations of the Audit Committee

The Audit Committee convened a total of 5 meetings (A) in the most recent year (2023). The attendance of Independent Directors was as follows:

Title	Name	Attendance in person(B)	Attendances by proxy	Attendance in person rate (%) (B/A) (Note)	Remarks Election of all Directors on June 10, 2020
Independent Director	Li-Yen Yang	4	1	80%	
Independent Director	Wu-Po Kuo	5	0	100%	
Independent Director	Chiu-Mu Tseng	5	0	100%	

Other disclosures:

I. The date of the Board meeting, the term, contents of the proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

II. (I) Items specified in Article 14-5 of the Securities and Exchange Act: Submitted to the Board of Directors after the approval of the Audit Committee.

1. Passed with no dissenting opinions in the 24th meeting of the 2nd Audit Committee on March 14, 2023

- (1) The Company's 2022 individual and consolidated financial statements ◦
- (2) The independence evaluation of the certifying CPAs for 2023 ◦
- (3) The Company's 2023 CPA appointment.
- (4) The Company proposes to pre-authorize CPA, the accounting firm, and its related enterprises to provide non-assurance services for the Company and its subsidiaries.
- (5) The Company's 2022 business report. ◦
- (6) The Company's 2022 earnings distribution. ◦
- (7) Proposed remuneration for directors and employees in 2022 ◦
- (8) With regard to the Company's joint investment and development of land on Jiangbei Section, Xizhi District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to apply for a working capital financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee.
- (9) With regard to the Company's joint investment and development of land on Zhongxing Section, Sanchong District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to apply for a change in the original borrower as well as matters related to construction financing credit from First Bank.
- (10) The Company's subsidiary Shen Yang Construction Co., Ltd. seeks for approval from parent company and joint endorsement/guarantee for its application for financing capital limit from Longjiang Branch of Hwa Nan Bank for the purchase of land on Mingsheng Section, Qianjin District, Kaohsiung City.
- (11) Proposal for the amendment of the "Articles of Incorporation"
- (12) 12 The Company's 2020 "Statement on Internal Control" was based on evaluation results of the effectiveness of the overall internal control system which stated that "the internal control system was effective in terms of design and execution, and complies with all laws and regulations"

2. Passed with no dissenting opinions in the 17th meeting of the 2nd Audit Committee on May 8 2023:

- (1) The Company's 2023 Q1 consolidated financial statements

(2) Proposal for the renewal of the Company's expiring loan facility with Taipei Fubon Bank (Jih Sun Bank)

(3) Proposal to provide the Company's remaining units of [Kuo Yan] in Kaohsiung to apply for a loan facility from Shin Kong Life Insurance Co., Ltd

3. Passed with no dissenting opinions in the 1th meeting of the 3rd Audit Committee on August 8, 2023:

(1) The Company's 2023 Q2 consolidated financial statements

(2) Wei Li International Development Co., Ltd.'s "The Green Place" · Apply for a construction financing line from O- Bank · requested the Company to provide joint guarantee and credit extension.

4. Passed with no dissenting opinions in the 3th meeting of the 3rd Audit Committee on December 18 2023:

(1) The Company's 2024 budget

(2) Preparation of the Company's 2024 audit plan.

(II) With the exception of the aforementioned items, any issues that are not agreed by the Audit Committee but passed by more than two-thirds of all Directors: None.

II. Independent Directors abstaining in certain proposals for being a stakeholder (the name of the Independent Director(s), the content of the proposal, reasons for abstentions and the results of voting counts shall be stated): None

III. Independent Directors' communication with chief internal auditor and CPAs (including material items, methods, and results of communication over the Company's financial and business status etc.).

(I) Policy for communication between Independent Directors and the Chief Internal Auditor: The Company's Chief Auditor communicates the contents of the audit report and follow-up implementations to the Independent Directors at least four times each year, and prepares internal audit reports during the quarterly meetings of the Audit Committee.

In the event of a material discrepancy, the report shall also be immediately submitted to the Independent Directors. No major discrepancies were found in 2022 and the communication between Independent Directors and the Company's Chief Internal Auditor in 2022 was good.

● **Summary on past communications between Independent Directors and Chief Internal Auditor:**

Date	Matters communicated	Suggestions and handling results
2023/3/21	1. Audit Report for Q4 2022 2. The implementation status of the 2022 internal control system self-evaluation 3. Consultation and communications regarding the design and executions of the internal control system	No objection
2023/5/08	1. Audit Report for Q1 2023 2. Consultation and communications regarding the design and executions of the internal control system	No objection
2023/08/07	1. Audit Report for Q2 2023	No objection
2023/11/06	1. Audit Report for Q3 2023 2. Inquired for opinions regarding items to be included in the audit plan for the following year	No objection

(II) Policy for communication between Independent Directors and CPAs:

The Company's accountants attended the meetings of the Audit Committee and the board of directors and

communicated with members and independent directors regarding the review results of the Q1, Q2, and Q3 financial statements and annual report, the recommendations of the corporate governance unit, and related regulatory requirements, achieving good two-way communication and consultation with members and independent directors

The accountants hold a separate meeting with the independent directors every year (at least once) to communicate and clarify the audit of the Company's financial statements and issues raised by the independent directors. The communication situation in 2023 is as follows

● **Summary of past communications between Independent Directors and CPAs**

Date	Matters communicated	Suggestions and handling results
2023/5/8	Review status of the 2023 Q1 financial statements audit	No objection

Note:

- \* If an Independent Director has resigned before the end of the year, the resignation date must be specified in the remarks section. The attendance rate(%) shall be calculated by dividing the number of the Audit Committee meetings held during the period by the number of the meetings that the Independent Director has actually attended.
- \* If Independent Directors are re-elected before the end of the fiscal year, incoming and outgoing Independent Directors should be listed accordingly, and the "remark" column should indicate whether the status of an Independent Director is "outgoing" , "incoming" or "re-elected", and the date of the election. The actual attendance rate(%) is calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

## **Supervisors' Participation in Board Meetings**

The Company held an election of all Directors on June 8, 2017 and established the Audit Committee to replace supervisors in accordance with laws.

(III) Corporate governance implementation status, deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Has the Company established and disclosed its code of practice on corporate governance based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Board of Directors has formulated a Corporate Governance Code of Practice on April 24, 2017 in line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the Code has been disclosed on the Market Observation Post System and the corporate website.	No material deviation
II. Shareholding structure and shareholders' equity				
(I) Has the Company established internal procedures for addressing shareholder suggestions, doubts, disputes, and litigation matters and implemented the procedures accordingly?	V		(I) The Company has appointed spokesperson, deputy spokesperson, and shareholder service unit to process shareholders' suggestions and disputes. The Company also set up the Legal Affairs Department to process the Company's legal affairs and hired professional lawyers for consulting service.	No material deviation
(II) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders?	V		(II) The Company is able to reasonably access the list of major shareholders and ultimate controllers of major shareholders through the register of shareholders provided by the shareholder services agency.	

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(III) Did the company establish and execute risk control mechanism for affiliates, and firewall methods?	V		(III) The Company has formulated "internal control system", "internal audit system", and "Regulations on the Management of Subsidiaries" in line with relevant laws and regulations to execute risk control measures over affiliates.	
(IV) Does the Company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	V		(IV) The Company's Board of Directors has approved the formulation of "Procedures for Handling Material Inside Information and Preventing Insider Trading" to prohibit insiders from trading when they become aware of material inside information.	
III. Composition and duties of the Board of Directors				No material deviation
(I) Has the Board of Directors developed and implemented a diversity policy for the composition of its members and specific management targets?	V		(I) The Company stipulated in the "Corporate Governance Best Practice Principles" that the diversity policy must be considered for the composition of the board of directors. Please refer to section of the annual report on board diversity and independence for specific management goals and implementation status	
(II) Has the Company voluntarily established other functional committees in addition to Remuneration Committee and Audit Committee?	V		(II) In addition to setting up the Remuneration Committee and Audit Committee in line with relevant laws, the Company will formulate other types of functional committees based on actual needs in the future.	
(III) Has the Company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation at	V		(III) The Company's Board of Directors has formulated the "Rules for Performance Evaluation of Board of Directors", which adopts the evaluation method of internal questionnaire survey. Performance evaluation	



Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																																	
	Yes	No	Summary																																		
			<p>approved by the Board of Directors' meeting on March 13, 2024.</p> <table border="1"> <thead> <tr> <th>Assessment item</th> <th>Assessment item</th> <th>Compliance of</th> </tr> </thead> <tbody> <tr> <td>1. Whether the CPA has a direct or significant indirect financial interest relationship with the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>2. Whether the CPA engages in any financing or guarantee for the Company or its Directors</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>3. Whether the CPA has a close business relationship and potential employment relationship with the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>4. Whether the CPA or their audit team members have served as Directors or managers at the Company or held a position with a significant influence on the Company's audit case currently or within the last two years</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>5. Whether the CPA has provided the Company with non-audit services that may directly affect the audit work</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>6. Whether the CPA has served as a broker for the shares or other securities issued by the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>7. Whether the CPA has acted as the Company's defender or represented the Company in mediating conflicts with other third parties</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>8. Whether the CPA is a relative of any Director or manager of the Company or a person with a significant influence on the audit work</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>9. Whether the CPA has provided audit services for the Company for seven consecutive years</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>10. Whether a former partner at the CPA's joint accounting firm has joined the Company as a Director, manager, or is a person with a significant influence on the audit work within one year of disassociating from</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table>	Assessment item	Assessment item	Compliance of	1. Whether the CPA has a direct or significant indirect financial interest relationship with the Company	No	Yes	2. Whether the CPA engages in any financing or guarantee for the Company or its Directors	No	Yes	3. Whether the CPA has a close business relationship and potential employment relationship with the Company	No	Yes	4. Whether the CPA or their audit team members have served as Directors or managers at the Company or held a position with a significant influence on the Company's audit case currently or within the last two years	No	Yes	5. Whether the CPA has provided the Company with non-audit services that may directly affect the audit work	No	Yes	6. Whether the CPA has served as a broker for the shares or other securities issued by the Company	No	Yes	7. Whether the CPA has acted as the Company's defender or represented the Company in mediating conflicts with other third parties	No	Yes	8. Whether the CPA is a relative of any Director or manager of the Company or a person with a significant influence on the audit work	No	Yes	9. Whether the CPA has provided audit services for the Company for seven consecutive years	No	Yes	10. Whether a former partner at the CPA's joint accounting firm has joined the Company as a Director, manager, or is a person with a significant influence on the audit work within one year of disassociating from	No	Yes	
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Assessment item	Implementation status(Note 1)				Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons							
	Yes	No	Summary									
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11. Has the CPA violated No. 10 of The Norm of Professional Ethics for Certified Pubic Accountant of the Republic of China Bulletin regarding independence?	No	Yes										
IV. Does the Company have suitable persons in an appropriate number and designated supervisors for corporate governance to take charge of related matters (including but not limited to providing directors and supervisors with materials required for them to carry out their tasks, helping directors and supervisors comply with the law, taking care of board of directors' meetings and shareholders' meetings as required by law, and preparing minutes of board of directors' meetings and shareholders' meetings)?	V		<p>The Company's Board of Directors adopted the resolution on May 10, 2021 to appoint Vice President Cheng-Hsiung Hsieh as the corporate governance officer. His qualifications meet requirements set forth in the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers. The secretariat of the Board of Directors assists in handling corporate governance related affairs..</p> <p>The scope of responsibilities and obligations of the Corporate Governance Officer include the following:</p> <ol style="list-style-type: none"> <li>1. Handling matters relating to Board meetings and Shareholders' Meetings according to laws.</li> <li>2. Producing minutes of Board meetings and Shareholders' Meetings.</li> <li>3. Assisting in onboarding and continuous development of Directors.</li> <li>4. Furnishing information required for business execution by Directors.</li> <li>5. Assisting Directors with legal compliance.</li> <li>6. Other matters set out in the Articles of Incorporation or contracts.</li> </ol>		No material deviation							



		<p>Key Implementations in 2023:</p> <ol style="list-style-type: none"> <li>1. Reviewed relevant procedures: <ul style="list-style-type: none"> <li>■ Established the Company's "Human Rights Policy"</li> <li>■ Established the Company's "Whistleblowing and Complaint Management Regulations"</li> <li>■ Amended the Company's Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, and Procedures for Handling Material Inside Information and Preventing Insider Trading</li> </ul> </li> <li>2. Handled matters relating to Board meetings and Shareholders' Meetings according to laws.</li> <li>3. Furnished information required for business execution by Directors. <ul style="list-style-type: none"> <li>· Arranged for continuing education courses for Directors.and</li> <li>Filed liability insurance for Directors.</li> </ul> </li> <li>4. Performance evaluation of Directors and functional committees is regularly carried out in each year,</li> <li>5. The implementation status of ethical business management and sustainable development is submitted to the Board of Directors in each year.</li> </ol> <p>Continuing education courses and hours of the Corporate Governance Officer in 2023</p> <table border="1" data-bbox="1070 874 1794 1350"> <thead> <tr> <th data-bbox="1070 874 1137 1002">Number of hours</th> <th data-bbox="1137 874 1368 1002">Continuing education institution</th> <th data-bbox="1368 874 1644 1002">Name of the course</th> <th data-bbox="1644 874 1794 1002">Period of continuing education</th> </tr> </thead> <tbody> <tr> <td data-bbox="1070 1002 1137 1098">3</td> <td data-bbox="1137 1002 1368 1098">Corporate Operating and Sustainable Development Association</td> <td data-bbox="1368 1002 1644 1098">Detecting corruption or business crises from financial statements</td> <td data-bbox="1644 1002 1794 1098">2023/08/07</td> </tr> <tr> <td data-bbox="1070 1098 1137 1249">3</td> <td data-bbox="1137 1098 1368 1249">Corporate Operating and Sustainable Development Association</td> <td data-bbox="1368 1098 1644 1249">Corporate Governance and Securities and Exchange Act, Senior managers of listed companies' understanding of supervision by competent authorities</td> <td data-bbox="1644 1098 1794 1249">2023/11/06</td> </tr> <tr> <td data-bbox="1070 1249 1137 1350">3</td> <td data-bbox="1137 1249 1368 1350">Securities &amp; Futures Institute</td> <td data-bbox="1368 1249 1644 1350">2023 Insider Equity Transaction Legal Compliance Awareness Briefing</td> <td data-bbox="1644 1249 1794 1350">2023/11/22</td> </tr> </tbody> </table>	Number of hours	Continuing education institution	Name of the course	Period of continuing education	3	Corporate Operating and Sustainable Development Association	Detecting corruption or business crises from financial statements	2023/08/07	3	Corporate Operating and Sustainable Development Association	Corporate Governance and Securities and Exchange Act, Senior managers of listed companies' understanding of supervision by competent authorities	2023/11/06	3	Securities & Futures Institute	2023 Insider Equity Transaction Legal Compliance Awareness Briefing	2023/11/22	
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Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons				
	Yes	No	Summary					
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3	Corporate Operating and Sustainable Development Association	Managing the Legal Risks of Digital Transformation	2023/11/30					
V. Has the Company set up channels of communication for stakeholders, (including but not limited to shareholders, employees, customers and suppliers) dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		<p>The Company has set up a Stakeholders Section on the website to provide communication channels for land development, suppliers section, after-sales service, consumer service, shareholders' rights and interests, complaint box, and progress inquiry. We also assigned dedicated personnel to adequately respond to the concerns of stakeholders.</p> <p><a href="https://www.kycc.com.tw/tw/contact_1.php">https://www.kycc.com.tw/tw/contact_1.php</a></p>	No material deviation				
VI. Has the Company appointed a professional shareholder service agency to process affairs related to shareholders' meetings?	V		The Company has appointed Grand Fortune Securities Co., Ltd. to process affairs related to shareholders' meetings.	No material deviation				
VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?  (II) Did the Company adopt other information disclosure methods(such as establishing English websites, assign dedicated personnel to collect and disclose company	V  V		<p>(I) The Company's website has "Annual Report," "Corporate Governance," "Shareholder Services," and "Financial Information" sections to disclose the Company's financial position, business performance, and corporate governance information::  <a href="https://www.kycc.com.tw/tw/kuoyang_1.php">https://www.kycc.com.tw/tw/kuoyang_1.php</a>  <a href="https://www.kycc.com.tw/tw/kuoyang_2.php">https://www.kycc.com.tw/tw/kuoyang_2.php</a>  <a href="https://www.kycc.com.tw/tw/kuoyang_3.php">https://www.kycc.com.tw/tw/kuoyang_3.php</a>  <a href="https://www.kycc.com.tw/tw/kuoyang_4.php">https://www.kycc.com.tw/tw/kuoyang_4.php</a>.</p> <p>(II) The Company has appointed dedicated personnel to</p>	No material deviation				

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>data, implement the spokesperson system, upload the investor conference processes to the Company's website, etc.)?</p> <p>(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?</p>	V		<p>collect Company information and to disclose the contents of the investor conference on the corporate website and implement the spokesperson system.</p> <p>(III) Public announcement and disclosure is conducted before the specified reporting deadline.</p>	
<p>VIII. Does the Company have other information that is helpful for understanding its status of corporate governance(including but not limited to employee rights and interests, employee well-being, investor relations, supplier relations, rights of interested parties, further education sought by Directors and Supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the taking out of liability insurance for Directors and Supervisors)?</p>	V		<ol style="list-style-type: none"> <li>1. Corporate Social Responsibility section has been set up on the Company's website to assist stakeholders to obtain information related to the operations of corporate governance, including the Company's sustainable management vision, stable building quality, efforts to co-create environmentally friendly buildings, employee care, and the Company's efforts to give back to the society.</li> <li>2. A Stakeholder section has been established on the Company's website, in which relevant mailboxes are managed by dedicated personnel, who properly address and respond to topics of stakeholders' concern.</li> <li>3. The Company has arranged for continuing studies for Directors in line with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. All Directors have completed the number of</li> </ol>	No material deviation

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>hours of continuing education as required by the competent authority, and the relevant implementations have been disclosed on the Company's website/Investor Relations/Corporate Governance/Board of Directors.</p> <p>4. The Company purchases liability insurance for Directors each year.</p> <p>5. The Company has established the After-Sales Service Department to provide customers with related services.</p> <p>6. The Company has appointed dedicated personnel for supplier management, and we are committed to jointly fulfilling corporate social responsibility. In addition, we also regularly organize supplier conferences.</p> <p>7. The Company has clearly specified the ratio of employee compensations in our Articles of Incorporation. Besides the statutory required benefits for employees, we also purchase group insurance for employees, regularly arrange for employees' health examination, organize internal employee training courses, and the Company's Employee Welfare Committee also regularly organize domestic and overseas employee travels as well as various gatherings.</p>	
<p>IX. Please describe the improvement status and provide the items and measures that shall be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.</p> <p>(I) Improvement actions taken:</p> <ol style="list-style-type: none"> <li>1. The directors perform their duties diligently with outstanding performance, interact well with the management team, learn from each other, and are able to effectively communicate and coordinate.</li> <li>2. The Company's meeting related personnel deserve recognition for fulfilling their duties related to the preparation and convening of meetings,</li> </ol>				

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>the preparation of meeting minutes, and the implementation status (or tracking) of the last meeting.</p> <p>3. The execution and reporting of various audit tasks by the Audit Office enable board members to understand the Company's internal control situation, which helps the Company to lay a solid foundation for sustainable development and progress. This provides valuable contribution to the Company ◦</p> <p>(II) Not yet improved but prioritized items and measures: In the future, the Company's planning will be gradually refined towards sustainable development of corporate governance.</p>				

(IV) Composition and operations of the Remuneration Committee:

The Company's Remuneration Committee was established with the approval of the Board of Directors on December 26, 2011 in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" established by the FSC.

The Company's Remuneration Committee was created to assist the Board of Directors the evaluation and supervision of the Company's overall salary and remuneration policy, and the establishment and regular reviews of the level of remuneration for Directors and managers.

**(1) Information on members of the Remuneration Committee**

Qualificatio Name Identity	Professional Qualifications and Experience	Fulfillment of Independence Criteria (Note 2)	Number of other public companies in which the member also serves as a member of their remuneration committee
Li-Yen Yang	Graduated from the Department of Business Management, College of Law, National Taiwan University. Qualified in the Senior Examination for Field Operations of Financial Personnel in 1978. He currently serves as the convener of the Company's Remuneration Committee and convener of the Audit Committee. He has more than five years of necessary work experience in legal affairs, business, finance, and corporate affairs and has worked in the finance industry and related fields for nearly 20 years, with experience in legal affairs, corporate finance, and accounting.	Note: The Director meets any of the following criteria in the two years before being elected or during the term of office, (1) Not employed by the Company or any of its affiliates. (2) Not a director or supervisor of the company or its affiliates (this restriction does not apply to independent directors in the company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country). (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in (1) or any of the persons mentioned in (2) and (3). (5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the total issued shares of the company, or a top 5 shareholder, or a director or	0

	Wu-Po Kuo	<p>Graduated with a bachelor's degree, Department of Land Resources, Chinese Culture University and graduated from the Institute of Public Administration, National Chengchi University. Qualified in the Senior Examination for Land Administration in 1975. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei and National Property Administration of the Ministry of Finance for nearly 20 years, with experience in land administration and finance.</p>	<p>supervisor representative appointed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act(excluding independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).</p> <p>(6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company(except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).</p> <p>(7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company(except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).</p> <p>(8) Not a director, supervisor, manager, or shareholder holding 5%or more of the shares of a specified company or institution that has a financial or business relationship with the company(this restriction does not apply to specific companies or institutions if they hold more than 20%but less than 50%of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).</p>	0
	Chiu-Mu Tseng	<p>Graduated from the Institute of Land Economics, National Chengchi University. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei for nearly 30 years, with experience in land administration.</p>	<p>(9) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(10) Does not meet any of the conditions stated in Article 30 of the Company Act.</p>	0



## **(2) Operation of Remuneration Committee**

I. The Company's Remuneration Committee all independent directors consists of 3 members.

II. Current term for the members:(4th term)

The term of these members is from August 3, 2020 to June 9, 2023

The Remuneration Committee convened a total of 2 meetings(A)in 2023 and the qualifications and attendance information of the members were as follows:

Title	Name	Attendance in person (B)	Attendances by proxy	Attendance in person rate(%) (B/A) (Note 1)	Remarks 2020.8.3 (newly appointed for the 4th term)
Convener	Li-Yen Yang	1	1	50%	
Committee Member	Wu-Po Kuo	2	0	100%	
Committee Member	Chiu-Mu Tseng	2	0	100%	

- 一、 If the Board of Directors did not adopt or revised the recommendations of the Remuneration Committee, it should describe the date of board meeting, term of the board, agenda item, resolutions adopted by the Board of Directors, and actions taken by the Company in response to the opinion of the Remuneration Committee: None.
- 二、 If there are objections or reservations by the members that have been recorded in writing during the Remuneration Committee resolution, the Remuneration Committee meeting's date, period, motion content, the opinions of all members, and handling of the member's opinions must be disclosed in detail: None.

Date	Content of motion	Resolution result	The company's handling of the opinions Remuneration Committee
7th meeting of 4rd Remuneration Committee January10, 2023	<p>(1) Review of the Company's "Rank and Salary Range Table." 提高各職等薪資級距5%金額，以符合市場行情。</p> <p>(2) Review of the salary and remuneration structure of the Company's Directors, and managers. 並擬於112年度繼續沿用。</p> <p>(3) The Company's 2021 and 2022 remuneration distribution proposal for board members and</p>	Passed unanimously by all Committee Members	Proposed to the board of directors and approved by all directors present

		employees		
8th meeting of 4rd Remuneration Committee March 14, 2023	(1)	The Company's 2022 remuneration distribution proposal for board members and employees	Passed unanimously by all Committee Members	Proposed to the board of directors and approved by all directors present

Note:

- (1) Where a member of the Remuneration Committee resigns before the end of the fiscal year, the "Remarks" column shall state the member's resignation date, whereas his/her rate of attendance in person(%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.
- (2) If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the "Remarks" column shall indicate whether the status of a member is "Outgoing", "Incoming" or "Re-elected", and the date of the election. The actual attendance rate(%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(3) Information on the members of the Nomination Committee and its operations: This committee has not been developed.

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

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
I. Has the company established a governance structure for sustainable development, established an exclusively (or concurrently) dedicated unit to implement sustainable development, and have senior executives appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors?		V	The Company has yet to establish a relevant unit.	We are planning to establish a unit related to sustainability.
II. Did the Company establish full-time(part-time)corporate social responsibility promotional units, and did the Board of Directors authorize the senior management to handle such units and report to the Board regarding the handling status?		V	In each year, the Operation and Finance Management Section of the Company's President's Office calls on all departments to join risk management meetings and identify all external risks of various aspects. proposes management policies, response measures, and targeting the risks.	Draft risk management policy.
III. Environmental issues (I) Has the Company established an appropriate environmental management system based on the characteristics of the industry?	V		(I) The construction contractor appoints field directors for each of the Company's construction projects and they establish appropriate environmental management systems in accordance with related regulations to implement rigorous quality management and standardized procedures, while paying attention to every detail of the construction process.	No material deviation
(II) Is the Company committed to improving the efficiency of the various resources and using recycled materials which have a low impact on the environment?	V		(II) The Company values environmental protection trends and corporate social responsibility, and is committed to enhancing the utilization efficiency of various resources:	

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
(III) Does the Company evaluate potential risks and opportunities brought on by climate change with regard to the present and future of its business, and take appropriate measures to counter climate	V		<ol style="list-style-type: none"> <li>1. We incorporate factors of the four major environmental elements - wind, and greenery - into our building planning, and actively deploy Green Building, Eco-friendly Building, and Green Building Materials in the products we design..</li> <li>2. The rainwater collection system was deployed in The Green Place in Tainan, in which rainwater is used to water the greenery and as sprinkling system on the pavement to reduce dust, thereby conserving water resources.</li> <li>3. We comply with relevant environmental protection laws and select qualified construction waste clearance companies to transport the waste to qualified treatment plants for subsequent sorting and treatment. reducing hazardous impact on the environment.</li> <li>4. Use water-saving faucets, dual flush toilets, and water-saving shower heads with automated spray sensors in residential buildings, and high-efficiency lamps are used throughout the walls and ceilings in public areas.</li> <li>5. Digitized internal operating procedures to reduce the carbon emissions from paper making; promote recycling and reuse of photocopied papers; and being committed to sorting and recycling garbage.</li> </ol> <p>(III) The Company convenes annual risk management meetings. Through the 2023 risk management meeting and internal risk identification process, we identify the potential risks and opportunities that climate change poses to the company and take</p>	

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons		
	Yes	No	Summary(Note 2)			
change issues?			corresponding measures:			
			Aspect	TCFD recommended disclosures		The Company's r
			Governance	Board oversight of climate-related risks and opportunities		As the Company's highest level of sustainability, the Board of Directors oversees related risks and opportunities in including responding to domestic
				Management's role in assessing and managing climate-related risks and opportunities		Every year, the President's Office holds "meetings" with various departments to discuss global macroeconomic changes, government regulatory changes. At the planning levels, reducing the impact on the environment is included as an assessment item.
			Strategies	Identify short-term, mid-term, and long-term climate-related risks and opportunities		Short-term
<ul style="list-style-type: none"> <li>• Cost of GHG emissions</li> <li>• Extreme weather</li> <li>• Obtain green building related certifications</li> </ul>	<ul style="list-style-type: none"> <li>• The trend of carbon bu</li> <li>• Average temperature</li> <li>• Flooding in lying area</li> </ul>					
The Company's response measures						
		The Company considers industry trends, identifies risks and opportunities for change, summarizes the potential impact on the Company's operations, then evaluates and takes actions, and will continue to dynamically adjust to mitigate the operational and financial risks. This will enhance the organization's sustainability in the long term.				

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons																			
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	Yes	No	Summary(Note 2)	
			risks	
			How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management system	Regularly track and assess response measures, make adjustments according to actual conditions, strengthen communication and cooperation with suppliers and customers, and jointly respond to risks and opportunities brought by climate change.
			Metrics used to assess climate-related risks and opportunities according to the strategy and risk management process	Kuo Yang will actively carry out planning and implementation in response to the international trend of companies improving climate governance, as well as requirements of domestic regulatory authorities for listed companies to disclose climate-related information, and the requirement that companies have a chapter dedicated to sustainability information in their annual reports in the future.
			Scope 1, Scope 2, and Scope 3 (if applicable) GHG emissions and associated risks	The Company began compiling Scope 1 and Scope 2 GHG inventories in 2024, and will expand the scope of the inventory to Scope 3 items on a trial basis in the future.
			Targets used to manage climate-related risks and opportunities, and performance of the targets	In the future, the Company will establish metrics and targets for the climate change-related management, which may include, but are not limited to, reducing water consumption and increasing energy-saving equipment.

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons						
	Yes	No	Summary(Note 2)							
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>(IV) The Company actively implements various energy conservation and carbon reduction measures :</p> <ol style="list-style-type: none"> <li>1. GHG emissions and reduction: The Company has planned a carbon inventory schedule .</li> <li>2. Water consumption covers the taipei Company's head office and Kaohsiung Office : <table border="1" data-bbox="1077 635 1644 742"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>1064.34 degrees</td> <td>1077.81 degrees</td> </tr> </tbody> </table> </li> <li>3. Total weight of waste and management policy : The Company's construction site waste is divided into two categories. The first type is construction waste, which is reported and disposed by the waste clearance company. The second type is general domestic waste. After the resources are sorted in advance at the construction site, it is periodically cleared by garbage trucks. The Company dispatches personnel to sort waste and maintain a clean route at each construction site every day to ensure that the construction does not affect the quality of life of surrounding residents, and improve the efficiency of resource use each year. The Company commenced the construction of the Intercontinental Corporate Head Office in 2022, and the foundation was excavated at that time. However, other projects were</li> </ol>	Year	2022	2023	Water consumption	1064.34 degrees	1077.81 degrees	
Year	2022	2023								
Water consumption	1064.34 degrees	1077.81 degrees								



Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons									
	Yes	No	Summary(Note 2)										
			<p>still in the planning stage, so there was less construction waste and general domestic waste last year.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Construction waste</td> <td>0 tons</td> <td>249.25 tons</td> </tr> <tr> <td>General domestic waste</td> <td>12.5 tons</td> <td>150.55 tons</td> </tr> </tbody> </table> <p>4. Energy conservation and carbon reduction: The Company digitized internal operating procedures to reduce the carbon emissions from paper making, recycling and reuse of photocopied papers, and sorting and recycling of waste.</p> <p>5. Energy and resource management: The construction project incorporates management design such as scenery, water and green design, rainwater circulation design, use of green building materials, water saving, power saving, and high-efficiency air conditioning equipment.</p>	Year	2022	2023	Construction waste	0 tons	249.25 tons	General domestic waste	12.5 tons	150.55 tons	
Year	2022	2023											
Construction waste	0 tons	249.25 tons											
General domestic waste	12.5 tons	150.55 tons											
<p>IV. Social issues</p> <p>(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>(I) The Company established the "Human Rights Policy" after referencing to the principles of international human rights standards, such as the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, and United Nations Global Compact, which was approved by the Board of Directors on November 6, 2023.</p>	No material deviation									

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
(II) Does the company establish and implement reasonable employee benefits(including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee compensation?	V		<p>The Company's human resources policy respects the principles of basic human rights protection, established the "Child Labor and Female Worker Protection Regulations," "Regulations for the Prevention, Complaint, and Punishment of Workplace Sexual Harassment," and "Employee Education and Training Regulations," and periodically organizes training for all employees to respect human rights issues .</p> <p>(II) Employees are the most important assets to an enterprise. Upholding a people-oriented belief, we have built a friendly workplace environment. To create stable talent retention, the Company has established reasonable employee welfare measures and regularly reviews the salary structure and benefits every year. The average salary increase in 2022 was 8%, the minimum monthly wage in 2023 was increased by approximately 5%, and business performance is appropriately reflected on employee remuneration. Leave is in compliance with the "Employee Leave Rules" and "Management Regulations for Employees' Overtime Work" to protect the rights and interests of employees.</p> <p>In terms of other benefits, the Company established "Procedures for Employees' Leave Without Pay" and "Management Regulations for Subsidies for Wedding and Funerals," and established an Employee Welfare Committee to pay attention to various employee benefits, including health examinations, group</p>	

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
(III) Does the Company provide a safe and healthy working environment and provide employees with regular safety and health training?	V		<p>insurance, marriage, birthday gifts, cash gifts during the three holidays, training, domestic and overseas company trips, and employee social events. The Company helps employees achieve healthy physical and mental development at work, and provides a friendlier environment for employees' happiness and sense of belonging ° .</p> <p>(III) The Company complies with labor and occupational safety policies and provides a safe and decent workplace environment.</p> <ol style="list-style-type: none"> <li>1. The workplace has been equipped with blood pressure monitor, Automated External Defibrillator (AED), alcohol-based sanitizers purchased during COVID-19 preventions, COVID rapid test kits, gloves, and pulse-oximeters as well as other protective measures in order to help employees with health management.</li> <li>2. Signed agreement for UDN Clinic to serve as dedicated medical institution, which would provide necessary assistance in case of emergency.</li> <li>3. Set up security and access control system to ensure the safety of employees' work environment.</li> <li>4. Provide a workplace environment with sufficient lighting and good air quality.</li> <li>5. Every construction site conducts daily safety and health communication and hazard notification before entering the site, holds monthly safety and health organization meetings, and sets up rest areas for employees at the construction site ° .</li> </ol>	

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
(IV) Has the Company established an effective career development training program for employees?	V		<p>6. On-site construction workers are required to show health examination reports to ensure all personnel entering the site are safe and are assigned with bearable workload.</p> <p>7. Employees working on construction sites are required to have a 6-hour labor "general safety and health training permit" before access will be granted.</p> <p>8. Fire prevention manager training preliminary course was organized in 2022.</p> <p>(IV) The Company nurtures employees' hard and soft skills and develop their industry-specific experiences through arranging diverse internal and external training courses, and visiting construction projects from other companies. In addition, we have also formulated effective internal promotional mechanism to develop candidates for succession in the future. Organized "CFO Training Course" in 2022 to inspire creativity at work, thereby strengthening professional practice. The "Engineering Management School" was organized in 2023 to pass on and cultivate outstanding seed personnel in various departments, and ensure that key talents are cultivated in a successor cultivation plan. °</p>	
(V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies	V		<p>(V) The Company complies with all relevant consumer protection laws and regulations and cares about the rights and interests of home buyers. We strictly comply with client confidentiality to make sure that customers are not only satisfied with the quality of our buildings, but their privacy is also protected. Moreover, we also</p>	



Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
			cooperation. To enhance the construction quality from suppliers, the Company has set up selection process and supplier evaluation, as well as supplier database. Additionally, To enhance the construction quality from suppliers, the Company has set up selection process and supplier evaluation, as well as supplier database. Additionally, the Company's "Supplier Contract" requires suppliers to comply with the ethical corporate management policy, and contains a clause to terminate the contract at any time when the counterpart is involved in unethical conduct.	
V. Does the Company prepare corporate social responsibility reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the Company obtain third-party assurance or qualified opinion for the reports above?	V		The Company's Sustainability Report is prepared in accordance with the GRI Standards published by the Global Reporting Initiative (GRI). The financial data used in the Report are based on public information audited by the CPA. Nevertheless, the Company's report has yet to receive third-party verification.	No material deviation
VI. If the Company has established Sustainable Development guidelines by following the Sustainable Development- Best Practice Principles for TWSE/TPEX Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: None				
VII. Other important information that facilitates the understanding of the implementation of Sustainable Development:				
<ol style="list-style-type: none"> <li>1. The Company upholds the CSR values of "responsibility" and "warmth", and utilizes our core competencies to fulfill corporate ESG. Externally, we contribute toward environmental and social sustainability by constructing buildings with high environmental quality using rigorous standards; alternatively, internally, we are committed to the sustainable operations of our business by strengthening corporate governance and implementing well-rounded employee care.</li> <li>2. We create innovative products based on their unique environmental conditions using the four environmental factors of wind, light, water, and greenery. In residential buildings, we focus on health and environmentally friendliness; in plants and offices, we actively deploy smart, energy-saving "5A" design and planning. Our construction process is transparent and we implement lifetime annual property inspections and provide smartphone app to</li> </ol>				

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
enhance the community and provide building management services.				
3. The Company adheres to a principle of nondiscrimination, equality, and respect. Besides ensuring competitive compensations and benefits, we also treat employees with friendliness, respect gender equality, care for employees' physical and mental health, and for the workplace environment to build a happy workplace.				
4. We are committed to occupational safety and health management and have established a construction standard with zero compromise. We actively execute management procedures, reinforce construction site management, promote safety awareness to workers, and reduce work-related injury rate to maintain the safety of our employees and partners and build a hazard-free, incident-free workplace environment, thereby fulfilling our promise for safety to employees.				
5. The Company identifies topics of concern to main stakeholders and periodically reports them to the board of directors .				

Note 1: If "Yes" is selected in the operating status, please explain the important policies, strategies, and measures adopted, and the implementation status; if "No" is selected in the operating status, please specify the reason and explain related future policies and plans for strategies and measures.

Note 2: If the Company has produced the Corporate Social Responsibility Report, the Company may reference the Corporate Social Responsibility Report or indicate the page number in the operating status.

Note 3: The materiality principle refers to related environmental, social, and governance issues that may cause material impact on the Company's investors and other stakeholders.

(VI) Implementation of ethical corporate management, deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons

Implementation of ethical corporate management

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
<p>I. Establishment of ethical management policies and solutions</p> <p>(I) Has the Company implemented an Ethical Corporate Management Policy approved by the Board of Directors and stated its ethical corporate management policy and practices as well as the active commitment of the Board of Directors and management towards enforcement of such policy in its regulations and external correspondence?</p> <p>(II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p>	V		<p>(I) The Company's Board of Directors approved the Ethical Corporate Management Best Practice Principles on November 9, 2015 and approved an amendment to articles on November 6, 2023. The principles are disclosed on our website and aim to implement corporate governance and risk control mechanisms. The Company also promotes ethical corporate management training internally to employees, and the training results are reported to the Board to establish standards for the Company to adhere to .</p> <p>(II) The Company established the "Code of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," "Whistleblowing and Complaint Management Regulations," and "Procedures for Handling Material Inside Information and Preventing Insider Trading" to prevent, file complaints, investigate and deal with unethical conduct. The abovementioned regulations cover the preventive measures set forth in subparagraphs of Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed</p>	No material deviation



Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
(III) Does the Company clearly provide its operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?	V		Companies." °  (III) The Company's "Ethical Corporate Management Best Practice Principles" clearly provide its operating procedures, code of conduct, disciplinary and appeal procedures, which are implemented and periodically reviewed °	
II. Implementation of ethical management (I) Does the Company evaluate the integrity of all transaction counterparties and stipulate integrity clauses in the agreements it signs with transaction counterparties?	V		(I) The Company's "Construction Procurement Management Regulations" clearly stipulate that the Company must evaluate the reputation and image of suppliers. Additionally, the Company's "Supplier Contract" requires suppliers to comply with the ethical corporate management policy, and contains a clause to terminate the contract at any time when the counterpart is involved in unethical conduct. °	No material deviation
(II) Does the Company have a unit responsible for ethical corporate management on a full-time(part-time)basis under the Board of Directors which reports to the Board of Directors the Ethical Corporate Management	V		(II) In accordance with the Company's "Ethical Corporate Management Best Practice Principles," the board's secretariat (part-time) is responsible for the formulation and supervision of the Company's ethical corporate management	

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
Policy and programs against unethical conduct regularly(at least once a year)?			<p>policy and prevention plans, and reports the implementation status to the board of directors regularly (once a year). In 2023, it reported the implementation status of ethical corporate management to the board of directors on November 6. Duties are as follows</p> <ol style="list-style-type: none"> <li>1. Assist in incorporating the values of integrity and ethics into the Company's business strategies, and establish anti-corruption measures to ensure ethical corporate management in coordination with laws and systems .</li> <li>2. Periodically analyze and assess the risk of unethical conduct within the scope of business, and establish plans for preventing unethical conduct. Establish SOPs and Code of Conduct in each plan for related tasks. .</li> <li>3. Plan the internal organization and responsibilities, and establish supervision and balance mechanisms for operating activities in the scope of business with relatively high risk of unethical conduct .</li> <li>4. Implement and coordinate promotion and training related to the policy of integrity. .</li> <li>5. Plan the whistleblower system to ensure the effectiveness of implementation. .</li> </ol>	

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
(III) Has the Company established policies to prevent conflict of interests, provided appropriate channels for filing related complaints and implemented the policies accordingly?	V		<p>6. Assist the Board of Directors and managers in inspecting and evaluating whether or not preventive measures are effectively implemented for ethical corporate management, periodically evaluate the compliance of related business processes, and prepare reports. °</p> <p>(III) The Company's board of directors established the "Code of Ethical Conduct" on March 23, 2015 and amended the code on November 6, 2023, stipulating that applicable targets should prevent their personal interests from intervening with or potentially intervening with the Company's overall interests. The Company amended the "Procedures for Handling Material Inside Information and Preventing Insider Trading" on November 6, 2023, and stipulated stock trading control measures for the Company's insiders from the date they learn about the company's financial statements or related performance, including (but not limited to) directors are not allowed to trade the Company's stocks during the lock-up period of 30 days before the announcement of annual financial statements and 15 days</p>	

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
(IV) Does the Company have effective accounting and internal control systems in place to uphold business integrity? Does the internal audit unit follow the results of risk assessments for unethical behavior and devise plans to audit the systems accordingly to prevent unethical conduct, or hire accountants to conduct the audits?	V		<p>before the announcement of quarterly financial statements, in order to prevent directors and insiders from accidentally violating relevant regulations. Related regulations were announced again during board meetings.</p> <p>The Company offered a digital training course in 2023 (theme: Your distance from insider trading) with an employee participation rate of 96%.</p> <p>(IV) The part-time ethical corporate management unit is responsible for the promotion and supervision of ethical corporate management plans. The main work contents are as follows :</p> <ol style="list-style-type: none"> <li>1. Assist the Company in complying with relevant laws, establish a comprehensive accounting system, and apply the IFRS to ensure the reliability of our financial reporting .</li> <li>2. Implement and coordinate promotion and training related to the ethical corporate management policy .</li> <li>3. Set up security and access control system to ensure the safety of employees' work environment. .</li> <li>4. Plan the Whistleblowing and Complaint</li> </ol>	

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
(V) Does the Company periodically provide internal and external training programs on ethical management?	V		<p>Management Regulations to ensure the implementation of the ethical corporate management policy. ◦</p> <p>5. The internal control system is designed and implemented in accordance with the principle of ethical corporate management, and is reviewed at all times to ensure that the internal control system is executed in practice. In addition, the accountants and internal auditors all operate effectively in line with relevant procedures</p> <p>(V) The Company offers digital training courses on ethical corporate management, and offered three courses in 2023 (the themes are: "Integrity Promotion," "Clip on Ethical Corporate Management and Ethics," and "Ethical Corporate Management"). ◦ .</p>	
<p>III. Operations of the Company's whistleblowing system</p> <p>(I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?</p> <p>(II) Has the Company established standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?</p>	V		<p>(I) The Company established the "Whistleblowing and Complaint Management Regulations" on November 6, 2023, and provides important company regulations on the official website. The Audit Office acceptances complaints, and reporting channels include a website, a toll-free hotline, and a mailbox ◦ .</p> <p>(II) The abovementioned "Whistleblowing and Complaint Management Regulations" set forth reporting procedures, detailed handling process of whistleblowing cases, and also include</p>	No material deviation

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
(III) Has the Company set up protection for whistleblowers to protect them from inappropriate measures as a result of reporting such incidents?	V		confidentiality mechanisms and protection measures ◦ (III) Article 6 of the abovementioned "Whistleblowing and Complaint Management Regulations" clearly stipulates that the whistleblower will not be improperly dealt with due to the report. However, reports will not be accepted if they are not factual or are purely fabricated ◦ .	
IV. Enhancing information disclosure (I) Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System?	V		The Company set up an ethical corporate management section on the company website to disclose the status of specific operations and implementation results. The Ethical Corporate Management Best Practice Principles are also disclosed on the Market Observation Post System.	No material deviation
V. If the Company has implemented its own Ethical Corporate Management Principles by following the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: No deviation				
VI. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management:(e.g., review and amendment of the Company's Ethical Corporate Management Principles)				
(I) The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.				
(II) The Company established the "Rules of Procedure for Shareholders' Meetings," "Rules of Procedure for Board of Directors' Meetings," "Standard Operating Procedures for Handling Requests from Directors," "Rules for Performance Evaluation of Board of Directors," "Audit Committee Charter," "Remuneration Committee Charter," "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Whistleblowing and Complaint Management Regulations," and "Procedures for Handling Material Inside Information and Preventing Insider Trading" as the basis for implementing corporate governance, and provides the regulations on the Company's website ◦ .				
(III) The Company amended the "Procedures for Handling Material Inside Information and Preventing Insider Trading" on November 6, 2023, and stipulated stock trading control measures for the Company's insiders from the date they learn about the company's financial statements or related performance,				

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
including (but not limited to) directors are not allowed to trade the Company's stocks during the lock-up period of 30 days before the announcement of annual financial statements and 15 days before the announcement of quarterly financial statements ° .				
(IV) 1.The Company requires employees to perform fiduciary duties when engaging in business activities and prohibits them from direct or indirect acceptance any forms of illegitimate benefits. The Company emphasizes the importance of ethical conduct in the training for new employees. 2.The Company strengthens controls over activities with higher risks business through the division of functions and the design and implementation of internal control systems to prevent the occurrence of unethical conduct. 3. Where there is a conflict of interest in any decision or transaction that may conflict with the interests of the Directors, Supervisors, and managers, such individuals shall recuse themselves from the decision or vote				
(V) The Company upholds ethical corporate management and all transactions with related parties are announced on the Market Observation Post System in accordance with laws and regulations °				

(VII) Disclosure of the Company's corporate governance principles and related guidelines if they have been established: Detailed on the Company's website(<https://www.kycc.com.tw>) °

(VIII) Other significant information which may improve the understanding of the implementation of corporate governance:  
The company regularly updates information on the company website\investor relations\corporate governance area °

(IX) Status of implementation of internal control system

1. Statement on Internal Control

Kuo Yang Construction Co., Ltd.

Statement on Internal Control

Date: March 13, 2024

This Statement on Internal Control is issued based on the self-assessment results of the Company for 2023:

- I. The Company recognizes that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's Board of Directors and managerial officers; such policies have been implemented throughout the Company. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations(including profitability, performance and security of assets), reliability, timeliness, and information transparency of reports and compliance with relevant regulatory requirements.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the effectiveness of the internal control system may vary due to changes in the environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component also comprised several items. For more information on the aforementioned items, please refer to the "Regulations".
- IV. The Company has adopted the aforementioned internal control system judgment items to assess the effectiveness of the internal control system design and implementation.
- V. Based on the aforementioned evaluation results, the Company holds that it has reasonably assured the achievement of the aforementioned with the internal control system as of December 31, 2023(including the monitoring over the subsidiaries), including understanding the effectiveness and efficiency in operation, reliability and transparency in timely reporting, and compliance with relevant regulatory requirements, and that the design and enforcement of internal control are effective.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.



VII. This Statement has been passed by the meeting of the Company's Board of Directors held on March 13, 2024 where 0 of the 9 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Kuo Yang Construction Co., Ltd.

Chairman: Tzu-Kuan Lin

President: Shao-Ling Peng

2. If the Company engages an accountant to examine its internal control system, disclose the CPA audit report: None.

(X) Penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations if such violation may have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of the Annual Report: None

(XI) Important resolutions adopted in shareholders' meeting and Board of Directors' meeting in the past year and up to the date of Annual Report

Shareholders' Meetings	Important resolutions	Implementation status
2023/06/13	<ol style="list-style-type: none"> <li>1. Ratification of the 2022 Business Report and Financial Statements.</li> <li>2. Ratification of 2022 earnings distribution proposal.</li> <li>3. Discussion for the amendment of the "Articles of Incorporation" °</li> <li>4. Election of all of the Company's Directors.</li> <li>5. Proposal for release of Directors from non-competition restrictions °</li> </ol>	<ol style="list-style-type: none"> <li>1. Resolutions were announced in accordance with Article 230 of the Company Act.</li> <li>2. 2022 Cash dividends not distributing</li> <li>3. passed unanimously °</li> <li>4. completed Election of all of the Company's Directors.</li> <li>5. passed unanimously °</li> </ol>

Item No.	Date of board meeting	Important resolutions
1st meeting in 2023	2023/01/10	<ol style="list-style-type: none"> <li>1. The Company proposes to increase the range of salary for each rank in the "Rank and Salary Range Table".</li> <li>2. Review of the salary and remuneration structure of the Company's Directors and managers °</li> <li>3. The Company's 2020 and 2021 remuneration distribution proposal for board members and employees.</li> </ol> <p>Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.</p>
2nd meeting in 2023	2023/03/14	<ol style="list-style-type: none"> <li>1. The Company's 2022 individual and consolidated financial statements °</li> <li>2. The independence evaluation of the certifying CPAs for 2023 °</li> <li>3. The Company's 2023 CPA appointment.</li> <li>4. The Company proposes to pre-authorize CPA, the accounting firm, and its related enterprises to provide non-assurance services for the Company and its subsidiaries.</li> <li>5. The Company's 2022 business report. °</li> <li>6. The Company's 2022 earnings distribution. °</li> <li>7. Proposed remuneration for directors and employees in 2022 °</li> <li>8. With regard to the Company's joint investment and development of land on Jiangbei Section, Xizhi District, New Taipei City with four companies including Wei Li International Development Co.,</li> </ol>

Item No.	Date of board meeting	Important resolutions
		<p>Ltd., the Company intended to apply for a working capital financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee.</p> <p>9. With regard to the Company's joint investment and development of land on Zhongxing Section, Sanchong District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to apply for a change in the original borrower as well as matters related to construction financing credit from First Bank.</p> <p>10. The Company's subsidiary Shen Yang Construction Co., Ltd. seeks for approval from parent company and joint endorsement/guarantee for its application for financing capital limit from Longjiang Branch of Hwa Nan Bank for the purchase of land on Mingsheng Section, Qianjin District, Kaohsiung City.</p> <p>11. Proposal for the amendment of the "Articles of Incorporation"</p> <p>12. The Company's 2020 "Statement on Internal Control" was based on evaluation results of the effectiveness of the overall internal control system which stated that "the internal control system was effective in terms of design and execution, and complies with all laws and regulations"</p> <p>13. Election of all of the Company's Directors.</p> <p>14. Proposal for the Company's 2023 general shareholders' meeting and related matters.</p> <p>Note 1: Except for the resolution in Item 8: The Directors Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance</p> <p>Note 2: Except for the resolution in Item 9: The Directors Jer-Shyong Tsai, Chien-Pung Ruan, and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance</p> <p>Note 3: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.</p>
3rd meeting in 2023	2023/04/24	<p>1. Nomination and review of the candidate list for directors and independent directors</p> <p>2. Proposal for release of Directors from non-competition restrictions</p>

Item No.	Date of board meeting	Important resolutions
		Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
4th meeting in 2023	2023/05/08	<ol style="list-style-type: none"> <li>1. The Company's 2023 Q1 consolidated financial statements.</li> <li>2. Proposal for the extension of the Company's expiring loan facility with Taipei Fubon Commercial Bank (formerly JihSun Bank)</li> <li>3. Proposal to provide the Company's remaining units of [Kuo Yan] in Kaohsiung to apply for a loan facility from Shin Kong Life Insurance Co., Ltd.</li> <li>4. Correction of the list of nominated director candidates</li> </ol> <p>Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair. °</p>
5th meeting in 2023	2023/06/13	<ol style="list-style-type: none"> <li>1. Nomination of the chairman</li> <li>2. Proposal for the appointment of members of the 5th-term Remuneration Committee</li> </ol> <p>Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.</p>
6th meeting in 2023	2023/08/07	<ol style="list-style-type: none"> <li>1. The Company's 2023 Q2 consolidated financial statements. °</li> <li>2. Wei Li International Development Co., Ltd. sent a letter requesting that the Company provide joint guarantee for its application to O-Bank for a construction financing limit for the green light area of [The Green Place]..</li> </ol> <p>Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.</p>
7th meeting in 2023	2023/11/06	<ol style="list-style-type: none"> <li>1. The Company's 2023 Q3 consolidated financial statements.</li> <li>2. The Company's plan to apply for the extension of the loan facility and joint endorsements and guarantees with East Keelung Branch of Taiwan Cooperative Bank for the "Good morning, Kuo Yang Phase II" joint investment and development project in Keelung, and related matters.</li> <li>3. Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan contract with O-Bank enacted for the extension of guarantee credit limit for the performance bond of the "The Green Place" development project. 本公司繼續提供連帶保證</li> <li>4. Established the Company's "Human Rights Policy"</li> <li>5. Established the Company's "Whistleblowing and</li> </ol>

Item No.	Date of board meeting	Important resolutions
		Complaint Management Regulations" 6. Amended articles of the Company's "Corporate Governance Best Practice Principles" Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair ◦
8th meeting in 2023	2023/12/18	1. Nomination matters for directors and supervisors of Star Era International Co.,Ltd. ◦ Chi Yang Construction Co., Ltd and Baoyue Landscape Co.,Ltd. 2. The Company's 2024 budget ◦ 3. Preparation of the Company's 2022 audit plan Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair ◦
1st meeting in 2024	2024/01/08	1. Review the Company's "Rank and Salary Range Table" and increase the range of each grade by 5% to be in line with market conditions 2. Review the remuneration structure of the Company's directors and managers and proposal to continue using the structure in 2024 3. The Company's 2020, 2021, and 2022 directors' remuneration and employee bonus distribution proposal 4. The Company's wholly-owned subsidiary Shen Yang Construction Co., Ltd. and Mr. Kuo Chun-Chieh jointly acquired land on Plot 40-1, Subsection 2, Yuanzhong Section, Nanzi District, Kaohsiung City 5. The Company plans to apply for a credit limit from Mega International Commercial Bank for joint investment with four companies including Wei Li International Development Co., Ltd. in the land development project on Zhongyi Section, Tucheng District, New Taipei City. 6. The terms of the directors and supervisors of three companies including the Company's wholly-owned subsidiaries Shen Yang Construction Co., Ltd. and Shang Yang International Asset Management Co., Ltd., and Shen Yang Construction Co., Ltd.'s wholly-owned subsidiary Che Yang Agricultural Technology Co., Ltd. are about to expire and a proposal was filed to request the assignment of directors and supervisors Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.

Item No.	Date of board meeting	Important resolutions
2nd meeting in 2024	2024/02/20	<p>1. The Company intends to participate in the tender for the "Open Selection of Implementer for the THSR Zuoying Heart of Technology Type 3 Business District Land A and B Urban Renewal Project."</p> <p>2. The Company intends to apply for a performance bond guarantee and credit limit from the Overseas Business Management Department of Mega International Commercial Bank for the "Open Selection of Implementer for the THSR Zuoying Heart of Technology Type 3 Business District Land A and B Urban Renewal Project."</p> <p>Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair..</p>
32nd meeting in 2024	2024/03/13	<ol style="list-style-type: none"> <li>1. The Company's 2023 individual and consolidated financial statements ◦</li> <li>2. The Company's 2023 business report. ◦</li> <li>3. The Company's 2023 earnings distribution. ◦</li> <li>4. Proposed remuneration for directors and employees in 2023. ◦</li> <li>5. The independence evaluation of the certifying CPAs for 2024</li> <li>6. The Company's 2024 CPA appointment. ◦</li> <li>7. The Company proposes to pre-authorize CPA, the accounting firm, and its related enterprises to provide non-assurance services for the Company and its subsidiaries. ◦</li> <li>8. With regard to the Company's joint investment and development of land in the Longzhong Section, Gushan District, Kaohsiung City with six companies including Wei Li International Development Co., Ltd., the Company intended to apply to Chang Hwa Bank for a change in the original borrower as well as matters related to construction financing limit. ◦</li> <li>9. Proposal for the extension of the Company's expired credit limit from IBFC. ◦</li> <li>10. The Company's wholly-owned subsidiary Shen Yang Construction Co., Ltd. acquired land on Plot 40-1, Subsection 2, Yuanzhong Section, Nanzi District, Kaohsiung City through a joint tender in collaboration with Mr. Kuo Chun-Chieh. They jointly applied for a building land financing limit from the Agricultural Bank of Taiwan, which has been approved. They sent a letter to the parent company for approval. ◦</li> <li>11. Star Epoch International Co., Ltd., a subsidiary in which the Company holds 80% shares, participated in the construction and development of the</li> </ol>

Item No.	Date of board meeting	Important resolutions
		<p>"Kaohsiung Multifunctional Park Special Trade Zone 3 Urban Renewal Project (Southern Site - North Side)," and applied for a syndicated loan of NT\$13,000,000,000 from the syndicate of banks with Taiwan Cooperative Bank as the lead arranger. It has sent a letter to the parent company for approval .</p> <p>12. Star Epoch International Co., Ltd., a subsidiary in which the Company holds 80% shares, participated in the "Kaohsiung Multifunctional Park Special Trade Zone 3 Urban Renewal Project (Southern Site - North Side)," and plans to apply to Taiwan Cooperative Bank Zihciang Branch for an extension of the credit limit for the performance bond. It has sent a letter to the parent company for approval .</p> <p>13. Amendment to articles of the Company's "Rules of Procedure for Shareholders' Meetings." .</p> <p>14. The Company's 2023"Statement on Internal Control"was based on evaluation results of the effectiveness of the overall internal control system which stated that"the internal control system was effective in terms of design and execution, and complies with all laws and regulations" .</p> <p>15. Proposal for the Company's 2024 general shareholders' meeting and related matters .</p> <p>16. Appointment of the directors of three companies including the Company's wholly-owned subsidiary Shen Yang Construction Co., Ltd., Shang Yang International Asset Management Co., Ltd., and Shen Yang Construction Co., Ltd.'s wholly-owned subsidiary Che Yang Agricultural Technology Co., Ltd. .</p> <p>Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.</p>

(XII) Dissenting or qualified opinion of Directors or Supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of the Annual Report: None

(XIII) Resignation and dismissal of professional managerial officers related to the financial report including Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief R&D Officer, Chief Internal Auditor, and Corporate Governance Officer, in the past year and up to the date of the Annual Report: None

V. Information on CPA Professional Fees

## Information on CPA Professional Fees

Table on the range of CPA professional fees

Unit: NT\$1,000

Name of the CPA Firm	CPA Name	CPA audit period	Audit fee	Non-audit fees	Remarks
PricewaterhouseCoopers Taiwan	Chun-Yuan Hsiao Fang-Yu Wang	2023.01~2023.12	NT\$2,970	NT\$530	The non-audit fee was NT\$500 thousand for the tax certification and NT\$30 thousand for the review of salaries for full-time non-executive employees.

- (I) If the Company changes the CPA firm and the amount of audit fee paid in the year of change is less than that in the previous year, information shall be disclosed: None.
- (II) If the audit fee is more than 10% less than that paid in the previous year, information shall be disclosed: None.

VI. Information on Replacement of CPA: If the Company has replaced the CPA in the most recent two years, the following information shall be disclosed: None

VII. Company's Chairman, President, Financial or Accounting Affairs Manager who has served in the certifying CPA firm or its affiliates in the most recent year: None



VIII. Transfer of equity interests and/or pledge of or change in equity interests by Directors, Supervisors, managers, and major shareholders holding more than 10% of the shares in the previous year and up to the publication date of the Annual Report

**Change in the shares held by the Directors, Supervisors, managerial officers, and major shareholders**

Title	Name	2023		2024 as of March 31		
		Increase(decrease)in shares held	Increase(decrease)in pledged shares	Increase(decrease)in shares held	Increase(decrease)in pledged shares	
Director	Chi Chan Industries Co., Ltd. Representative-Tzu-Kuan Lin	0	0	0	0	
	Representative-Chia-Chi Hou	0	0	0	0	
	Cheng Chi Co., Ltd. Representative-Chien-Pung Ruan	0	0	0	0	
	Representative-Jer-Shyong Tsai	0	0	0	0	
	Representative-SANNIE HUANG	0	0	0	0	
	Pai Ti Development Co., Ltd. Representative-Pei-Kui Su	0	0	0	0	
	Independent Director	Li-Yen Yang	0	0	0	0
	Wu-Po Kuo	0	0	0	0	
	Chiu-Mu Tseng	0	0	0	0	
	President	Shao-Ling Peng	0	0	0	0
Vice President	Cheng-Hsiung Hsieh	0	0	0	0	
Accounting Manager	Cheng-I Wang	0	0	0	0	
Assistant Vice President, Planning Division	Yun-Ti Cheng	0	0	0	0	
	Lin-Wei Hsiao	0	0	0	0	
Assistant Vice President, Engineering Division	Wen-Ho Hsu	0	0	0	0	
Assistant Vice President, Sales Division	Meng-Hui Lien	0	0	0	0	
Major shareholder	None	0	0	0	0	

Notes: Note 1: Shareholders with over 10% of the Company's total share shall be classified as major shareholders and listed separately.

Note 2: Information regarding the transfer of shares or shares pledged to the counterparty being the related party shall be filled in the following Table.

Note 3: The decrease in changes in 2020 was mainly due to the decrease in capital and the

issuance of new shares in the capital reduction.

Information on transfer of shares: None

Name (Note 1)	Reason for transfer of shares (Note 2)	Transaction date	Transaction counterparty	Relationship between the counterparty and the Company, its Directors, Supervisors and shareholders with shareholding percentage of over 10%	Number of shares	Transaction price

Information on pledged shares: None

Name (Note 1)	Reason for changes in pledged shares (Note 2)	Date of change	Transaction counterparty	Relationship between the counterparty and the Company, its Directors, Supervisors and shareholders with shareholding percentage of over 10%	Number of shares	Shareh olding ratio	Pledge ratio	Pledge(r edempti on)amou nt

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

Information on the relationship between any of the top ten shareholders

Name (Note 1)	Personal shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships. (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Han Shen Investment Co., Ltd.	37,094,223	9.76%	-	-	-	-	-	None	
Representative: Jer-Shyong Tsai	0	0	-	-	-	-	-	Lien Chung International Asset Management Co., Ltd. Hanshin Department Store Co., Ltd. and Chung Shen Development Co., Ltd	
Chung Shen Development Co., Ltd.	27,709,048	7.29%	-	-	-	-	-	None	
Representative: Chia-Chi Hou	986,209	0.26%	-	-	-	-	-	Lien Chung International Asset Management Co., Ltd. Hanshin Department Store Co., Ltd. and Han Shen Investment Co., Ltd.	
Morta Enterprise Co., Ltd.	24,795,785	6.53%	-	-	-	-	-	None	
Representative: Wen-Hsien Li	0	0	-	-	-	-	-	Ku Pang Co., Ltd. Representative	
Cheng Chi Co., Ltd.	23,124,570	6.09%	-	-	-	-	-	None	
Representative: Chun-Yu Hou	986,846	0.26%	-	-	-	-	-	Representative of Kao Pin Co., Ltd.and	
Han Chung Global Investment Co., Ltd.	21,594,488	5.68%	-	-	-	-	-	None	
Representative: Pei-Hsun Tu	26,094	0.01%	-	-	-	-	-	Representative of Chi Hsuan Development Co., Ltd. and Youshin Development Co., Ltd.	
Ku Pang Co., Ltd.	18,351,934	4.83%	-	-	-	-	-	None	
Representative: Wen-Hsien Li	0	0	-	-	-	-	-	Representative of Morta Enterprise Co., Ltd.	
Lien Chung International Asset Management Co., Ltd.	15,773,402	4.15%	-	-	-	-	-	None	
Representative: Chia-Chi Hou	986,209	0.26%	-	-	-	-	-	Representative of Chung Shen Development Co., Ltd. and Hanshin Department Store Co., Ltd. and Han Shen Investment Co., Ltd	
Chi Hsuan Development Co., Ltd.	15,365,406	4.04%	-	-	-	-	-	None	
Representative: Pei-Hsun Tu	26,094	0.01%	-	-	-	-	-	Representative of Youshin Development Co., Ltd. And Han Chung Global Investment Co., Ltd.	
Hanshin Department Store Co., Ltd	13,619,628	3.58%	-	-	-	-	-	None	
Representative: Chia-Chi Hou	986,209	0.26%	-	-	-	-	-	Representative of Chung Shen Development Co., Ltd.	

								Representative of Lien Chung International Asset Management Co., Ltd Han Shen Investment Co., Ltd.
Youshin Development Co., Ltd.	11,685,390	3.08%	-	-	-	-	-	None
Representative: Pei-Hsun Tu	26,094	0.01%	-	-	-	-	-	Representative of Chi Hsuan Development Co., Ltd. And Han Chung Global Investment Co., Ltd.

Note 1: All top ten shareholders must be listed. For institutional shareholders, their names and the name of their representatives must be listed separately.

Note 2: The shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Note 3: Relationships between the aforementioned shareholders, including institutional and natural-person shareholders must be disclosed based on the financial reporting standards used by the issuer.

Note 4: The aforementioned number of shares held are based on the number of shares registered as of the ex-dividend date on April 9, 2024.

X. The shareholding of the Company, Director, Supervisor, manager, and an enterprise that is directly or indirectly controlled by the Company in the investee company and the calculation of the consolidated shareholding percentage.

December 31, 2023 Unit: shares

Investee company (Note)	Investment by the Company		Investments by Directors, Supervisors, managers and directly or indirectly controlled enterprises		Combined investment	
	Number of shares	Shareho lding ratio	Number of shares	Shareholdi ng ratio	Number of shares	Shareholdi ng ratio
Shadwell Limited	200,000	100%			200,000	100%
Shang Yang International Asset Management Co., Ltd.	61,800,000	100%			61,800,000	100%
Shen Yang Construction Co., Ltd.	160,000,000	100%			160,000,000	100%
Star Epoch International Co., Ltd.	24,000,000	80%			24,000,000	80%
Sweet Me Hot Spring Resort Co., Ltd.	2,200,000	20%			2,200,000	20%
Chairman, Hanshin Shopping Plaza Co., Ltd.	10,005,000	20%			10,005,000	20%
Che Yang Agricultural Technology Co., Ltd.			250,000	100%	250,000	100%
Chi Yang Construction Co., Ltd.			17,600,000	80%	17,600,000	80%
Chi Yang Construction Co., Ltd.			3,150,000	45%	3,150,000	45%
寶悅景觀股份有限公司			102,000	51%	102,000	51%
Century Rainbow Limited			1,020,100	100%	1,020,100	100%
Celestial Talent Limited			20,100	100%	20,100	100%
Charm Merit Limited			1,000,000	100%	1,000,000	100%
Good Fame Limited			1,000,000	40%	1,000,000	40%

Note: Long-term investment calculated by equity method.

## D. Funding Status

### I. Capital and shares:

#### (I) Sources of capital

As of April 9, 2024 Unit: 1,000 shares/NT\$1,000

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT\$1,000)	Number of shares (1,000 shares)	Amount (NT\$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
1972.6	10	120	1,200	120	1,200	Founded with cash	-	
1974.3	10	1,600	16,000	1,600	16,000	Cash capital increase	-	
1976.9	10	4,000	40,000	4,000	40,000	Cash capital increase	-	
1978.4	10	8,000	80,000	8,000	80,000	Cash capital increase	-	
1978.8	10	16,000	160,000	16,000	160,000	Cash capital increase	-	
1979.1	10	30,000	300,000	30,000	300,000	Cash capital increase	-	
1983.5	10	30,900	309,000	30,900	309,000	Capital surplus	-	
1989.1	10	61,800	618,000	61,800	618,000	Cash capital increase	-	
1990.1	20	112,500	1,125,000	112,500	1,125,000	Cash capital increase	-	
1991.12	10	208,125	2,081,250	208,125	2,081,250	Cash capital increase Capital surplus	-	
1993.4	10	358,125	3,581,250	358,125	3,581,250	Cash capital increase	-	
1996.7	19.5	600,000	6,000,000	460,000	4,600,000	Cash capital increase	-	
1997.6	10	1,000,000	10,000,000	562,040	5,620,400	Retained earnings Capital surplus Employee bonus	-	Note 1
1997.7	55.5	1,000,000	10,000,000	700,000	7,000,000	Cash capital increase	-	Note 2
1998.3	10	1,400,000	14,000,000	703,307	7,033,072	Convertible corporate bonds	-	
1998.5	10	1,400,000	14,000,000	1,079,167	10,791,672	Retained earnings Capital surplus Employee bonus Convertible corporate bonds	-	Note 3
1998.8	10	1,400,000	14,000,000	1,080,275	10,802,754	Convertible corporate bonds	-	
1999.10	10	1,400,000	14,000,000	583,348.739	5,833,487.39	Capital reduction	-	Note 4
2002.6	10	1,000,000	10,000,000	300,000	3,000,000	Capital reduction	-	Note 5
2003.6	<u>2.8</u>	700,000	7,000,000	360,000	3,600,000	<b><u>Cash capital increase through private</u></b>	Debt converted to shares	Self-reported

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT\$1,000)	Number of shares (1,000 shares)	Amount (NT\$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
						<i>placement</i>		
2003.11	<u>4</u>	700,000	7,000,000	410,000	4,100,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2003.12	<u>4</u>	700,000	7,000,000	510,000	5,100,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2004.2	<u>4.5</u>	700,000	7,000,000	555,000	5,550,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2004.4	<u>6.7</u>	700,000	7,000,000	571,000	5,710,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2004.10	10	700,000	7,000,000	304,600	3,046,000	Capital reduction	-	Note 6
2006.4	<u>8</u>	700,000	7,000,000	364,600	3,646,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2006.6	<u>10.5</u>	700,000	7,000,000	404,600	4,046,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2006.12	<u>20</u>	700,000	7,000,000	442,600	4,426,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2012.9	10	700,000	7,000,000	445,185	4,451,850	Convertible corporate bonds	-	Note 7
2013.1	10	700,000	7,000,000	446,285	4,462,851	Convertible corporate bonds	-	Note 7
2013.3	10	700,000	7,000,000	449,979	4,499,792	Convertible corporate bonds	-	Note 7
2013.6	10	700,000	7,000,000	455,614	4,556,142	Convertible corporate bonds	-	Note 7
2013.9	10	700,000	7,000,000	502,910	5,029,109	Convertible corporate bonds Conversion of earnings to capital increase	-	Note 7 Note 8
2014.1	10	700,000	7,000,000	503,313	5,033,136	Convertible corporate bonds	-	Note 7
2014.4	10	700,000	7,000,000	503,559	5,035,592	Convertible corporate bonds	-	Note 7
2015.5	10	700,000	7,000,000	576,582	5,765,824	Convertible corporate bonds	-	Note 7
2018.7	11	700,000	7,000,000	696,582	6,965,824	<i>Cash capital increase</i>	-	Note 9
2020.10	10	700,000	7,000,000	380,000	3,800,000	<i>Cash capital</i>		Note 10

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT\$1,000)	Number of shares (1,000 shares)	Amount (NT\$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
						<i>reduction</i>		

Note 1: Capital reduction approval document number:(86)Tai-Cai-Zheng(1)No. 33381 dated May 2, 1997.

Note 2: Capital reduction approval document number:(86)Tai-Cai-Zheng(1)No. 48083 dated June 30, 1997.

Note 3: Capital reduction approval document number:(87)Tai-Cai-Zheng(1)No. 27283 dated April 14, 1998.

Note 4: Capital reduction approval document number:(88)Tai-Cai-Zheng(1)No. 80122 dated September 23, 1999.

Note 5: Capital reduction approval document number:(91)Tai-Cai-Zheng(1)No. 101440 dated January 14, 2002.

Note 6: Capital reduction approval document number: Tai-Cai-Zheng(1)No. 0930122306 dated June 30, 2004.

Note 7: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 10100123831 dated April 16, 2012.

Note 8: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 1020038627 dated September 18, 2013.

**Note 9: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 1070325525 dated July 23, 2018.**

**Note 10: Capital reduction approval document number: Jin-Guan-Zheng-Fa-Zi No. 1090371099 dated October 27, 2020.**

As of April 9, 2024 Unit: shares

Type of shares	Authorized capital			Remarks
	Shares issued and outstanding	Unissued shares	Total	
Ordinary shares	380,000,000	320,000,000	700,000,000	Listed stocks

### Information on shelf registration None

Types of securities	Amount of scheduled issuance		Amount issued		The purpose and expected benefits of the issued shares	Unissued shares and scheduled time of issuance	Remarks
	Total number of shares	Approved amount	Number of shares	Price			



## (II) Shareholders

As of the ex-dividend date(April 9, 2024)

Shareholders	Government institution	Financial institution	Other institutions	Individuals	Foreign institutions and foreigners	Total
Quantity						
Number of persons	2	3	192	31,939	76	32,212
Number of shares held	327	8,454	253,980,306	100,490,286	25,520,627	380,000,000
Shareholding ratio	0.00	0.00	66.84	26.45	6.71	100.00

Note: Companies primarily listed on the TWSE or the TPEX shall disclose the proportion of their shares held by Chinese investors. Chinese investors refer to individuals, corporate entities, organizations, other institutions, or companies in areas other than Taiwan and Mainland China that are invested by persons of such identity as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

## (III) Shareholding distribution status

### 1. Ordinary shares

#### Ordinary shares

Par value of NT\$10 per share as of the ex-dividend date(April 9, 2024)

Class of shareholding	Number of shareholders	Number of shares held	Shareholding ratio(%)
1 to 999	21,848	3,239,159	0.85
1,000 to 5,000	7,338	15,535,509	4.09
5,001 to 10,000	1,477	10,768,227	2.83
10,001 to 15,000	499	6,161,236	1.62
15,001 to 20,000	277	4,999,016	1.32
20,001 to 30,000	227	5,740,259	1.51
30,001 to 40,000	128	4,476,943	1.18
40,001 to 50,000	74	3,433,794	0.90
50,001 to 100,000	161	11,283,168	2.97
100,001 to 200,000	78	10,308,463	2.71
200,001 to 400,000	41	11,707,014	3.08
400,001 to 600,000	16	8,358,148	2.20
600,001 to 800,000	11	7,520,220	1.98
800,001 to 1,000,000	5	4,741,188	1.25
1,000,001 and above(additional brackets may be classified where necessary)	32	271,727,656	71.51
Total	32,212	380,000,000	100.00

### 2. Preferred shares: None

(IV) List of main shareholders:

(Shareholders with more than 5% of shares or the top ten shareholders in terms of shareholding ratio)

Shareholder's name	Shares	Number of shares held	Shareholding ratio(%)
Han Shen Investment Co., Ltd.		37,094,223	9.76
Chung Shen Development Co., Ltd.		27,709,048	7.29
Morta Enterprise Co., Ltd.		24,795,785	6.53
Cheng Chi Co., Ltd.		23,124,570	6.09
Han Chung Global Investment Co., Ltd.		21,595,488	5.68
Ku Pang Co., Ltd.		18,351,934	4.83
Lien Chung International Asset Management Co., Ltd.		15,773,402	4.15
Chi Hsuan Development Co., Ltd.		15,365,406	4.04
Hanshin Department Store Co., Ltd.		13,619,628	3.58
Youshin Development Co., Ltd.		11,685,390	3.08

Note: The aforementioned number of shares held are based on the number of shares registered as of the ex-dividend date on April 9, 2024

Changes in major shareholders holding more than 10% of the shares: None

(V) Market price per share, net worth, earnings, dividends, and the related information for the last two years

Item	Year	2022	2023	Current year as of March 31, 2024 (Note 8)
		Market price per share (Note 1)	Highest Lowest Average	24.95 17.25 20.29
Net value per share (Note 2)	Before distribution	25.03	26.58	-
	After distribution	25.03	26.18	-
EPS	Weighted average number of shares (1,000 shares)	380,000	380,000	-
	Earnings per share (Note 3) before retroactive adjustment	1.28	0.80	-
	Earnings per share (Note 3) after retroactive adjustment	1.28	0.80	-
Earnings per share	Cash dividends	-	0.40	-
	Stock dividends	-	-	--
	Cumulative undistributed dividends (Note 4)	-	-	-
Return on investment analysis	Price-earnings ratio (Note 5)	15.85	23.35	-
	Price-dividend ratio (Note 6)	-	46.70	-
	Cash dividend yield rate (Note 7)	-	2.14%	-

\* If retained earnings or capital surplus were used for capital increase and distribution of shares, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution shall

be disclosed.

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the meeting of the Board of Directors or shareholders' meeting in the subsequent fiscal year.

Note 3: If retroactive adjustments are required due to stock dividends, the Company shall list the earnings per share before and after the adjustment.

Note 4: If there are any conditions in issuing equity securities that allow for unpaid out dividend for the year to be accumulated to subsequent years in which there is profit, the Company shall separately disclose the accumulated unpaid out dividend up to that year.

Note 5: P/E ratio=average closing price for each share for the year/earnings per share.

Note 6: Price to dividend ratio=average closing price per share for the year/cash dividends.

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

Note 8: Data on net asset value per share and earnings per share from the latest quarter that has been verified by CPAs up to the date of publication of the Annual Report shall be filled. For all other columns, the Company shall fill information for the current fiscal year until the publication date of the Annual Report.

## (VI) Dividend policy and implementation status:

The Company added clauses and established the following dividends policy in accordance with (89)Tai-Cai-Zheng(1)No. 100116 Letter of the Securities and Futures Administration Commission, Ministry of Finance and President Order Hua-Zong-1-Yi No. 10400058161 Order dated May 20, 2015:

1. In the event of surplus earnings after closing of annual accounts, the Company shall pay due taxes in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.
2. The Company's industry is a stable and mature industry. The dividend policy should account for the financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT\$10 billion, the cash dividends shall not be less than 50%.
3. Pursuant to the resolution from the General Shareholders' Meeting held on June 17, 2022 to amend the Company's Articles of Incorporation, the Company may proceed with the distribution of earnings of making up for losses at the end of each quarter in accordance with the Company Act.
4. The 2023 earnings distribution proposal was approved by the Board of Directors on March 13, 2024, but has not yet been approved by the shareholders' meeting.

Kuo Yang Construction Co., Ltd.  
Earnings Distribution Statement  
2023

Unit: NT\$

Item	Amount
Opening undistributed earnings	4,041,104,319
Plus: After-tax net profit of the 2022	304,197,899
Remeasurement numbers for defined benefit plans	782,121
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	(5,645,651)
Minus: 10% legal reserve	(29,933,437)
Minus: Provision for special surplus reserve	138,232,424
Distributable earnings	4,448,737,675
Distribution items:	
Shareholder dividends - cash	(152,000,000)
Shareholder dividends - stocks	0
Closing undistributed earnings	4,296,737,675

- (VII) Effect of free-gratis dividend proposed in the current shareholders' meeting on Company's business performance and earnings per share:  
The Company did not distribute stock dividends this year and this item is therefore not applicable.

## (VIII) Remuneration of employees and Directors

### 1. Percentages or ranges of remuneration of employees and Directors under the Articles of Incorporation

According to the Company's Articles of Incorporation, in the event of profit in the year, the Company shall appropriate 0.5% to 5% of the pre-tax earnings (excluding remuneration for Directors and employees) as remuneration for employees and no more than 5% as remuneration for Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.

. The remuneration for employees in the preceding paragraph may be paid in stock or cash based on a resolution of the Board of Directors, and may be paid to employees of subsidiaries who meet the certain requirements.

The distribution of remuneration for employees and Directors shall be resolved by a majority vote at a board meeting attended by more than two thirds of the Directors and it shall be reported at the shareholders' meeting.

### 2. Basis for estimating the amount of remuneration of employees and directors, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

Based on the Company's estimates, the 2023 remuneration for employees and Directors amounted to NT\$6,808,630 and NT\$6,808,630, respectively. According to the Articles of Incorporation, they shall be allocated based on 2% of the earnings before tax. If the actual distribution is different from the estimate, the difference will be accounted for as changes in accounting estimates and adjusted in the year of the distribution.

### 3. Remuneration proposals passed by the board of directors:

(1) Remuneration of employees and Directors shall be paid in cash or stock. In case of any discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses shall be disclosed:

The Company's distribution of 2022 remuneration for employees and Directors has been passed by the Board of Directors on Mar 14, 2023, and the Board of Directors has resolved to distribute NT\$6,808,630 as employee remuneration and NT\$6,808,630 as Director remuneration. The amounts are the same as the estimated amount in 2023.

(2) Amount of employee remuneration distributed in the form of stocks, as a percentage of the net income after taxes provided in the standalone or consolidated financial statements of the current period, and as a percentage of total employee remuneration:

The Company did not issue employee stock bonus in 2023.

### 4. Discrepancies, if any, between actual distribution of employee and Director remuneration (including the number of shares distributed, amount and stock price) and the

recognized remuneration of employees and Directors and disclosure of the differences, reasons and responses:

The Company's distribution of 2021 remuneration for employees and Directors has been passed by the Board of Directors on Mar 21, 2022, and the Board of Directors has resolved to distribute NT\$11,201,042 as employee remuneration and NT\$11,201,042 as Director remuneration. All remuneration shall be distributed in cash and the amounts are the same as the estimated amount in 2022

- (IX) Buyback of treasury stock: None
  
- II. Issuance of corporate bonds: None
  
- III. Issuance of preferred stocks: None
  
- IV. Issuance of global depository receipts(GDR): None
  
- V. Exercise of employee stock option plan(ESOP): None
  
- VI. Employees' restricted stocks: None
  
- VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None
  
- VIII. Implementation of capital allocation plan: None

## E. Business Overview

### I. Business activities

#### (I) Business scope:

##### 1 Main contents

- (1) Commissioned construction of residential buildings, commercial buildings, and plants and offices for lease or sale, appointment by the government's competent authority of industries for the development, lease, and sales of industrial zones.(except for the construction business)
  - (2) Trading, manufacturing, and agency services for of construction materials.
  - (3) Garden landscaping and interior design and construction.(except for the construction business)(except for architect business)
  - (4) Industrial factory buildings lease construction and development.
  - (5) Office building leasing.
2. Revenue breakdown: The Company invests in the construction of residential buildings and the lease and sales of office and commercial buildings, and industrial buildings in Taiwan. The revenue from these businesses account for 100%of the Company's revenue.
  3. The Company's current products: Residences, villas, stores, and plants and offices.
  4. Plans for new product development: The Company will continue to focus on luxury residential buildings in prime locations and cooperate with government policies in promoting residential projects for urban renewal.

#### (II) Industry overview:

##### 1. Current state and development of the industry:

- (1)Overall political and economic environment: **Global inflation pressure is easing quarter by quarter, and the interest rate hike cycle in major countries is coming to an end**

Looking forward to Taiwan's economy in 2024, the two major economies the United States and China face adverse factors in consumption and investment, the performance of other major economies, such as Europe, is expected to recover, and the economic performance of emerging markets and developing economies was also better than in 2023. However, it will still be difficult to support the weakening economies of the United States and China. Therefore, major international forecasting agencies all believe that the global economic growth rate in 2024 will be slightly lower than that in 2023. However, global goods trade is still expected to recover, which will help Taiwan's trade performance to gradually stabilize. Overall, Taiwan's export orders and annual growth rate of exports have bounced back and returned to positive growth in September. This recovery trend will continue in 2024. Investment demand has been driven by the recovery of semiconductor investments. With the continued demand on investments in emerging technologies and net-zero

emissions, private investment will turn to positive growth in 2024. In addition, private consumption performance will remain solid. Therefore, Taiwan's economic growth in 2024 will mainly rely on the support of consumption and investment. External demand will recover, and the economic growth rate in 2024 will be higher than in 2023. According to the latest forecast released by the Taiwan Institute of Economic Research (TIER) in November 2023, the GDP growth rate in 2024 will be 3.15%, an increase of 1.72% compared to the updated 1.43% in 2023. ◦ .

(2) Number of units transferred in sales: **The number of property transfers in Taiwan was 306,000 units in 2023, a four-year low**

The official data on housing sales and transfers across Taiwan has been released. The number of housing units transferred in Taiwan last year (2023) fell below 310,000. According to the monthly statistics of the Ministry of the Interior, the number of housing units sold and transferred nationwide in 2023 was 306,971, an annual decrease of approximately 11,000 units or 3.5%, the lowest in the past four years. Fortunately, the housing market first slowed down and then bounced back in 2023, and the number of units transferred rapidly increased in the second half of the year, increasing by 20.9% compared with the first half of the year.

The real estate market faced quite a few impacts in 2023. In the first half of the year, it suffered from interest rate hikes, the fifth wave of selective credit controls, and the Equalization of Land Rights Act becoming effective. Coupled with the sluggish global economy, the number of purchases slowed to a halt, and the situation was even worse for actual existing housing transactions if new housing transactions are excluded. Fortunately, the government launched the preferential mortgage policy for young adults to attract first-home buyers in the second half of the year. The percentage of housing units applying for the preferential mortgage program for young adults increased month. The overall number of transfers stabilized in the fourth quarter with the influx of housing transfers in Southern Taiwan at the end of the year. ◦

Number of units transferred in sales

Year	Number of units	Annual growth rate
2017	266 thousand	8.5%
2018	278 thousand	4.5%
2019	300.2 thousand	8%
2020	326 thousand	8.6%



2021	348 thousand	6.8%
2022	317 thousand	-8.9%
2023	30.6 thousand	-3.5%

Source: Construction and Planning Agency, Ministry of the Interior

(3) Cathay Real Estate Indicator: In 2023, nationwide housing prices increased but volume shrunk, and transaction volume increased significantly

According to the Cathay Real Estate Indicator in 2023 Q4, prices were stable and volume increased compared to previous quarter and the same quarter last year. This asking price, negotiation rate and transaction price all remained stable this quarter. However, the price of housing units increased slightly, and the sales rate and transaction volume both increased significantly. The central bank revised the economic growth rate for 2023 down to 1.40% and kept the policy interest rate unchanged. Further observation of the performance of each region shows that compared with the same quarter last year, transaction prices in Hsinchu and Tainan decreased, but all other areas remained stable or increased. In terms of transaction volume, except for Hsinchu and Tainan, the transaction volume in other regions was stable or increased. Observing the shifts in the four quarters, compared with the peak in 2013 and 2014, the transaction prices of of this wave in various regions are still higher than the previous highs, but the increase has slowed down. The transaction volume was polarized and remained relatively low in areas north of Taoyuan and Hsinchu, but the transaction volume in Central and Southern Taiwan already exceeded the previous peak.

The number of new projects nationwide dropped by over 10% this quarter due to the Equalization of Land Rights Act and the presidential election. The transaction volume bounced back due to the recovery of the economy, the stabilization of export performance, and the surge in Taiwan's stock market. In summary, prices were stable and volume increased in the housing market this quarter compared with the previous quarter and the same quarter last year, showing that market demand was relatively high. With the continued implementation of measures under the "Real Estate Market Improvement Plan," the Equalization of Land Rights Act and the multi-house tax 2.0 are expected to continue to influence the market, and the Central Bank has not relaxed control policies. At the same time, with inflation already slowing down compared to last year, the real estate market after the election still requires observation. Looking back at the past year, the demand on housing for self-use will still be the main force supporting the housing market in 2024, continuing the trend in 2023. Prices and volume of the housing market are expected to consolidate in 2024 .

(A) Project scale and categories

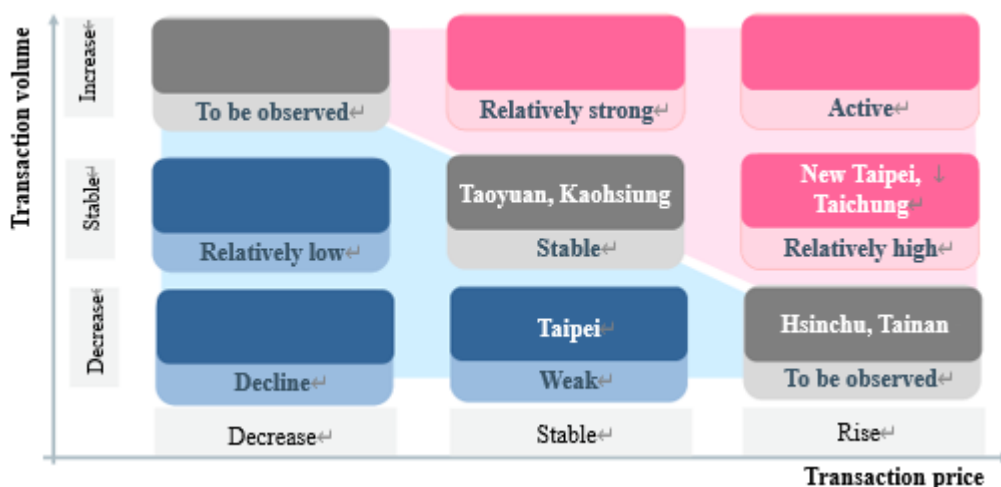
[Prices increased while volume decreased in Taiwan's housing market in 2023, but are expected to consolidate going forward]

Observing the trend of Cathay Real Estate Index in 2023, the national housing market has seen an increase in prices and decrease in volume. In the first half of the year, demand in the housing market was relatively low due to the Central Bank's raising interest rates and the Equalization of Land Rights Act passing the third reading. Transaction volume in the housing significantly increased at the end of the year as the Central Bank put the interest rate hike on hold and the economy recovered. The performance of the housing market throughout the year still needs to be observed.

Looking towards 2024, growth of global goods trade will pick up, and business opportunities for emerging technology applications will continue to expand, which is expected to boost Taiwan's exports and private investment momentum. Next year, global terminal demand is expected to gradually pick up and drive the recovery of external demand, while domestic demand will grow steadily. The housing market is expected to be supported by housing for self-use in 2024. The Equalization of Land Rights Act and amendment to the multi-house tax 2.0 are expected to continue to influence the market. The Central Bank has not relaxed control policies, inflation is still high, and land purchase and construction costs remain high, continuing the trend in 2023. Prices and volume of the housing market are expected to consolidate in 2024 ◦

Transaction prices experienced significant growth and transaction volume remained steady; the overall housing market performed well.

Rising transaction prices and shrinking transaction volume; **performance of the overall housing market still needs to be observed**



Source: Cathay Real Estate Indicator 2023 Q4 Quarterly Report

Nationwide		2023					2022年	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		46.80	49.54	48.91	49.02	48.78	45.83	6.44%(+)
Bargaining space(%)		7.55	7.63	8.18	7.88	7.82	8.11	-0.29(Δ)
Asking price(ten thousand/ping)		50.63	53.64	53.27	53.21	52.92	49.88	6.10%(+)
Push case volume	Amount (100 million yuan)	2,669	4,143	3,467	3,981	14,260	16,002	-10.89%(-)
	Number of households(households)	16,349	22,716	18,700	20,799	78,564	88,689	-11.42%(-)
30-day sales rate(%)		9.00	11.24	9.69	15.12	11.46	12.05	-0.59(Δ)
Volume index	Amount	51.08	98.99	71.45	127.98	87.37	102.28	-14.57%(Δ)
	Number of households	51.20	88.83	63.07	109.41	78.12	92.68	-15.70%(-)
Price-volume trend		fell price and volume	Rising price and volume	Stable prices and shrinking volume	Stable price and increasing volume	Rising prices and shrinking transaction volume		

Source: Cathay Real Estate Indicator 2023 Q4 Quarterly Report

## (B) Market performance in different regions

### Residential buildings

#### 1. Taipei City - Stable prices and shrinking volume

In 2023, prices were stable while volume shrunk in the market for new projects in Taipei City. The new projects are mostly urban renewal and reconstruction of urban unsafe and old buildings. Since the projects are mostly located in prime locations, the property prices continued to sell for NT\$1 million per ping. Under the shadow of negative factors, the number of new projects and transaction

Nationwide		2023					2022年	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		108.90	118.85	106.39	118.34	115.20	107.34	7.32%(Δ)
Bargaining space(%)		5.54	5.30	6.55	5.30	5.63	6.68	-1.05(Δ)
Asking price(ten thousand/ping)		115.29	125.51	113.85	124.97	122.07	115.02	6.13%(+)
Push case volume	Amount (100 million yuan)	133	524	476	735	1,868	2,789	-33.05%(---)
	Number of households(households)	371	1,152	962	1,514	3,999	5,452	-26.65%(Δ)
30-day sales rate(%)		7.29	11.00	8.06	8.21	8.89	15.15	-6.26(--)
Volume index	Amount	9.87	58.72	39.07	61.46	42.28	111.69	-62.14%(---)
	Number of households	13.19	61.82	37.79	60.63	43.35	100.70	-56.95%(---)
Price-volume trend		fell price and volume	Stable price and increasing volume	fell price and volume	Rising price and volume	Stable price and Volume		

#### 2. New Taipei City-rising prices and stable transaction volume

In 2023, the prices of new projects increased while volume was stable in New Taipei City, with transaction prices rising sharply throughout the year. Due to negative factors of the housing market, the amount of new projects rapidly shrunk in the first quarter, and peaked before the amendment to the Equalization of Land Rights Act took effect in the second quarter. The total

amount of new projects throughout the year decreased slightly. Sales of products relatively low total prices was relatively good, and market demand was relatively high. ◦

Nationwide		2023					2022年	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		55.15	55.97	58.75	59.44	57.63	51.47	11.97%(+++)
Bargaining space(%)		7.97	6.66	7.36	6.05	6.89	7.77	-0.88(Δ)
Asking price(ten thousand/ping)		59.93	59.97	63.42	63.27	61.89	55.81	10.90%(++)
Push case volume	Amount (100 million yuan)	486	1,055	775	824	3,140	3,713	-15.42%(-)
	Number of households(households)	2,965	5,978	4,403	4,642	17,988	21,069	-14.62%(-)
30-day sales rate(%)		8.24	11.67	8.29	16.07	11.41	10.56	0.85(Δ)
Volume index	Amount	38.17	117.40	61.33	126.24	85.79	92.34	-7.10%(Δ)
	Number of households	42.55	121.47	63.59	129.89	89.37	96.89	-7.75%(Δ)
Price-volume trend		Stable prices and-shrinking volume	Stable price and increasing volume	Expansive and increasing volume	Stable price and increasing volume	Rising prices and-stable transaction volume		

### 3. Tainan City- Rising prices and shrinking transaction volume

In 2023, prices of new projects in Tainan City increased while volume shrunk. Due to the lack of favorable topics in the market, the number of new projects decreased each quarter, the total amount of new projects throughout the year decreased by more than 20%, and transaction volume decreased by nearly 30%. The market's performance still needs to be observed. ◦

Nationwide		2023					2022年	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		33.52	34.47	32.42	33.11	33.64	31.49	6.82%(++)
Bargaining space(%)		6.68	5.40	9.87	7.24	6.96	7.11	-0.16(Δ)
Asking price(ten thousand/ping)		35.92	36.44	35.97	35.70	36.15	33.90	6.64%(++)
Push case volume	Amount (100 million yuan)	377	350	219	97	1,043	1,391	-24.98%(--)
	Number of households(households)	2,832	2,410	1,494	811	7,547	10,465	-27.88%(-)
30-day sales rate(%)		13.10	18.42	12.65	22.69	15.74	16.26	-0.52(--)
Volume index	Amount	203.87	265.88	114.43	90.60	168.69	229.09	-26.36%(-)
	Number of households	174.48	208.83	88.93	86.56	139.70	196.86	-29.03%(-)
Price-volume trend		fell price and volume	Stable price and increasing volume	fell price and volume	Rising price and volume	Rising prices and-stable transaction volume		

### 4. Kaohsiung City- Stable prices and volume

In 2023, the prices and volume of new projects in Kaohsiung City were both stable. Housing prices slightly increased throughout the year, and the existing housing market was still the mainstream. TSMC's Kaohsiung Fab was converted into an advanced 2 nm process fab and attracted the employment population, and driving the development of the real estate market in the Zuoying, Nanzi, and Qiaotou technology corridor. Transaction volume was stable and market

performance was stable ◦

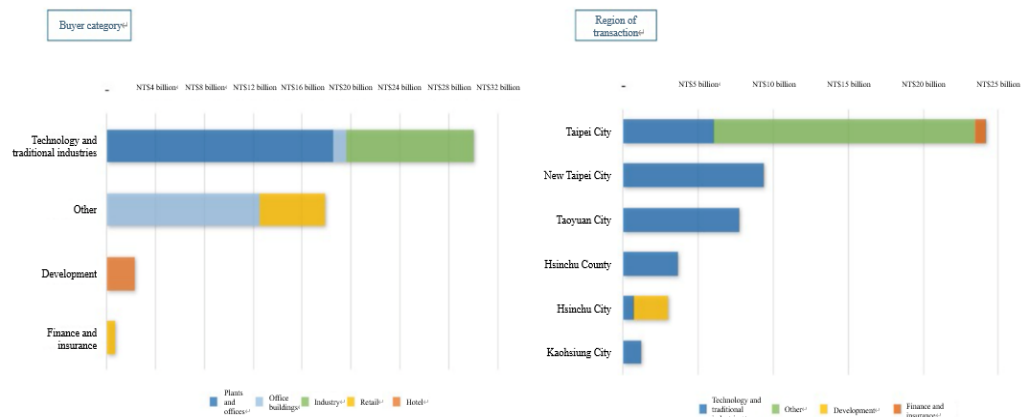
Nationwide		2023					2022年	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		31.42	32.08	30.85	32.86	32.17	30.70	4.76%(Δ)
Bargaining space(%)		9.84	12.49	12.76	10.45	11.50	10.86	0.64(Δ)
Asking price(ten thousand/ping)		34.85	36.66	35.36	36.70	36.35	34.44	5.53%(Δ)
Push case volume	Amount (100 million yuan)	445	706	435	555	2,141	1,857	15.30%(Δ)
	Number of households(households)	3,202	5,090	3,380	3,752	15,424	12,861	19.93%(Δ)
30-day sales rate(%)		5.92	7.37	8.82	21.62	10.85	12.12	-1.26(Δ)
Volume index	Amount	48.73	96.23	70.95	221.71	109.41	100.79	8.55%(+)
	Number of households	45.21	89.53	71.16	193.52	99.86	92.95	7.43%(Δ)
Price-volume trend		fell price and volume	Stable price and increasing volume	fell price and volume	Rising price and volume	Stable price and Volume		

### ➤ Plants and offices

1. Overview of commercial real estate transactions: Office transactions had strong momentum, industrial real estate volume shrunk, and income-generating products have attracted the attention of buyers.

In the fourth quarter of 2023, the commercial real estate transaction volume of listed companies was NT\$50.6 billion, an annual increase of 60%. The transaction amount of office products was NT\$32.1 billion, accounting for 63%; The transaction amount of industrial real estate was NT\$10.4 billion, accounting for 20%; The transaction amount of hotels and stores was NT\$8.4 billion, accounting for 17%.

In the fourth quarter, the commercial real estate market was mainly supported by industrial investments for self-use, and the hot spot for transactions was in Taipei City. Listed companies invested NT\$62.3 billion in the purchase of commercial real estate in Taipei City in 2023. The transaction amount was the highest in the past ten years, in which office transactions accounted for NT\$41 billion or 66%. There were transactions of iconic buildings in the business district in front of Taipei Main Station, Neihu Technology Park, and Nangang business district, showing that the industry is optimistic about the potential for the value of offices to rapidly increase and is actively investing in the market. ◦



### (C) Urban renewal policy

[New incentives program for the reconstruction of urban unsafe and old buildings!  
Draft Urban Renewal Act expected to be announced within three months]

The "aging" problem of old buildings has attracted growing attention in Taiwan, especially after the Hualien earthquake on April 3, and the government will take new measures to speed up the reconstruction progress of urban unsafe and old buildings. The current building bulk ratio bonus policy coming to an end, and new incentives measures for reconstruction and urban renewal will be formulated to increase people's willingness to apply.

The progress of reconstruction of urban unsafe and old buildings is behind schedule and improvements need to be accelerated

Current data shows that there are about 5 million houses in Taiwan that are over 30 years old, and more than 1 million of them are over 50 years old. Although the Ministry of Interior has a reconstruction project for urban unsafe and old buildings only 3,731 applications were accepted and 3,509 were approved as of the end of February this year, showing that the reconstruction process is slow under the existing policy.

Improvement method 1: Enact laws to provide better incentive measures

In order to increase the speed of reconstruction, the Legislative Yuan passed an extempore motion to extend the building bulk ratio bonus to encourage more landowners to participate in reconstruction sooner. The building bulk ratio bonus has decreased each year from the initial 10%, and will decrease to 1% in May this year. The incentive will be completely canceled in May next year.

Improvement method 2: Amend the Urban Renewal Act increase incentives for participation

Work related to the amendment of the Urban Renewal Act. The amendment will adjust the range of building bulk of lawful buildings that applied for a construction permit before building bulk control was implemented, so that they can be rebuilt

according to the original building bulk or apply for building bulk ratio bonus, thereby increasing the incentives for reconstruction.

The convergence of opinions and a draft amendment is expected to be proposed within three months, speeding up the pace of urban renewal.

[Taipei City launches eight measures in one year to accelerate urban renewal]

Taipei City Government launched five measures for urban renewal in March 2023, in order to accelerate urban renewal. The first is to "lower the threshold." On March 3 last year, it announced the implementation of the "Urban Renewal 7599 Project" and lowered the threshold of willingness from 90% to 75%, bringing in private professional technical teams to provide services with three major innovations: "early entry, help with trial calculations, and help with housing selection." The second is "law relaxation", reviewing various laws and regulations. The third is "quick clearance", launching the "Urban Renewal 150 Project" with a review time of 150 days. The fourth is to "remove obstacles," relaxing review items and streamlining procedures to shorten the review time by about six months. The fifth is to "increase subsidies," which will increase the subsidy amount to NT\$3 million, subsidize the cost of beautifying space on the first floor, and accelerate the installation of elevators in old apartments.

The city government announced two new measures of the urban renewal policy last October: "Taipei City Disaster Prevention Urban Renewal Project" and "Taipei City Housing Renovation Project."

[Urban Renewal 7599 Project]

Taipei City Government brought in a private technical team to handle assessment, financial calculations, and building bulk planning, and agreed to let the Taipei Housing and Urban Regeneration Center to serve as the implementer and find investors. The city government hopes that by expanding private technology and capital investment, it can assist the renewal and reconstruction of old communities as soon as possible, and achieve urban regeneration through public-private partnerships.

[What is the Urban Renewal 150 Project? What conditions apply?]

1. After the application for an urban renewal project is submitted it will take 150 working days to review and approve the application, improving the efficiency of reviews.
2. Criteria:
  - (1) Approved by all private land and legal building owners.
  - (2) The implementation method is joint construction through agreement or other

methods (self-construction on own land, etc.).

- (3) There are no appeals or disputes during the process.
- (4) Project contents comply with principles, the amount of building bulk ratio bonus is clear, and does not involve adjustments to the scope of the updated unit or self-proposed corrections.

[Taipei City implements disaster-prevention urban renewal, offering 30% building bulk ratio bonus for projects that meet the "4 aspects and 5 conditions"]

This program is applicable to sites with an area of 1,000 square meters (approximately 302 ping) or more, and with "ID value <0.35 after structural safety performance evaluation (either preliminary evaluation or detailed evaluation)" or a lawful building with a building use permit received before the "Seismic Design Specifications and Commentary of Buildings" was promulgated (February 15, 1974) (details shall be based on the contents of the urban planning project announced).

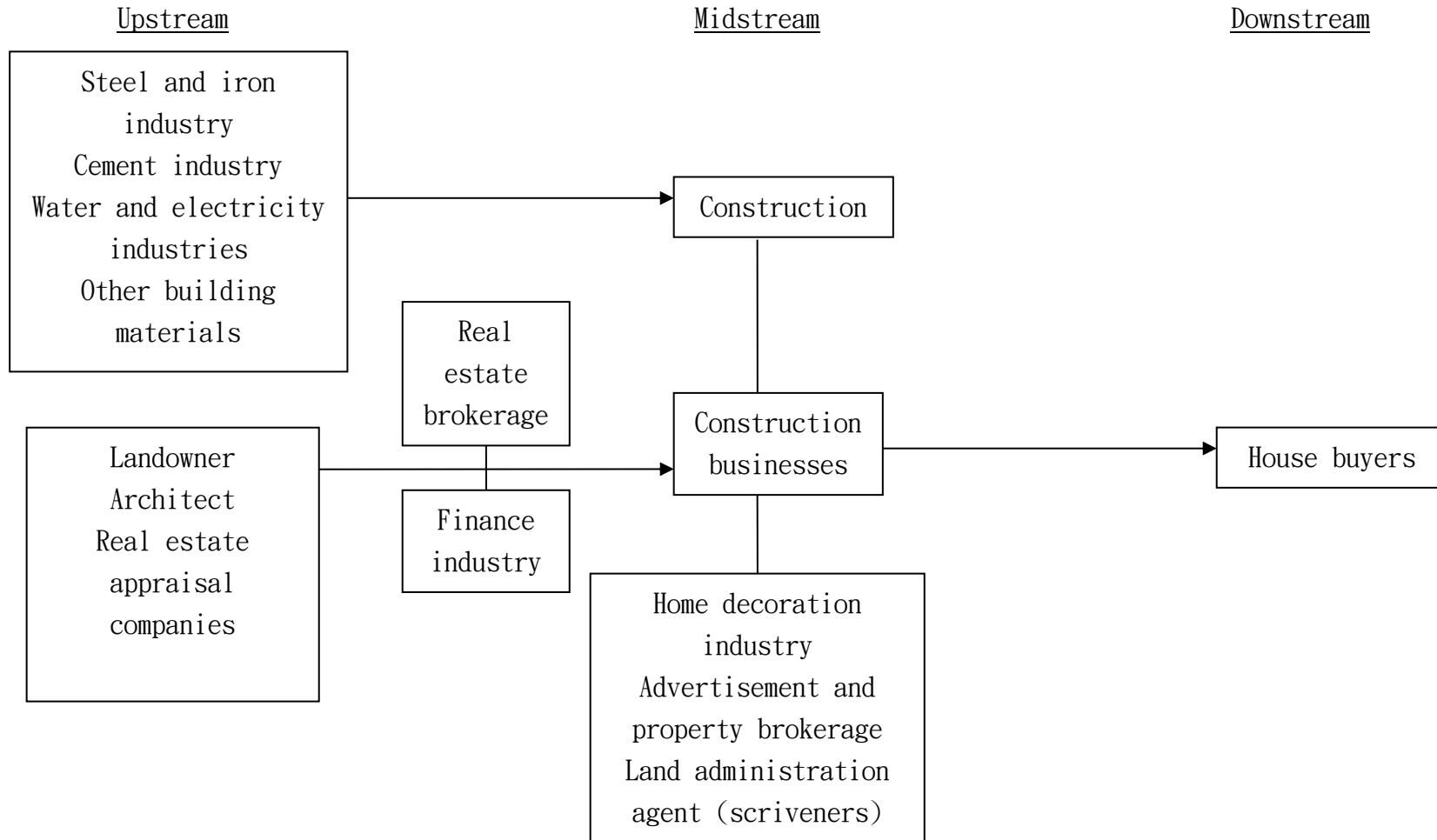
Four aspects: Including structural safety, weather resistance and carbon reduction, urban disaster reduction, and environmental friendliness

Five conditions: Five planning and design conditions, including seismic-resistant design, green building, and smart building.

In response to the high average age of houses in Taiwan and the threat of strong earthquakes, the Company will actively obtain more information on the government's policy for promoting urban renewal and continue to track the updates of laws and regulations, so that we can continue to expand urban renewal operations of the Company and create a safe and comfortable living environment for the people of Taiwan. -



2. Relationships with suppliers in the industry's supply chain



### 3. Competition

The Company conducts a detailed market survey and evaluations when it evaluates new construction projects to understand market demand which is used as an importance reference for the purchase of land and future construction projects. We start with thoughtful designs in the planning phase to demonstrate our resolve for innovation and evolution. We boldly reconstruct and redefine space and use more high-end and refined dimensions and ratios. We adopt the stance of users to truly experience user demand. The Company's strategies for competing on the market include the following:

#### (1) Product planning

##### A. Residential products:

The speed of the sales of products with high unit prices and high total prices has slowed in recent years and discounts have increased. Companies are required to offer discounts for sales. As consumption habits change, the Company has followed trends and focused development on residential products with medium and small floorspace with low total price and low down payments. We also implemented flexible payment terms for customers to make purchases with ease.

##### B. Plants and offices:

The return of Taiwanese businesses to Taiwan for expansion in the post-pandemic era has increased the demand for plants and offices. Due to the increase in demand and other favorable factors such as government policy for supporting industrial development and the Company's outstanding performance in previous plant and office projects, Kuo Yang will focus on the development of plants and offices as well as residential buildings.

#### (2) Customer service

##### A. Home Go property management software

Personal electronic products have become increasingly popular. Kuo Yang the development of an app for use in newly constructed communities to provide digital, transparent, and immediate property management services. Residents can use their mobile phones to interact with the receptionist and receive general services such as mail and express delivery notification and collection, visitor registration, requests for repairs, payment of management fees, public facility reservations, and access control

##### B. Overall development of the community

Kuo Yang invests funds for revitalizing the community after the transfer and actively plans and organizes community activities. We invite

instructors to provide courses; at the same time, we develop community residents through seed teacher courses. The activities are diverse and intended for all ages, and contain current issues including environmental sustainability, health, and wealth management and more, in order to facilitate interactions between residents, increase community cohesion, and establish connections between neighbors to create overall development of the community of "Kuo Yang happy families"

c. After-sales services and property health examination

After-sales services are activated immediately after the delivery of the properties. In addition to providing warranty repairs within the warranty period in accordance with the contract, the Company also provides assistance for seeking suppliers for quotations and repairs after the warranty period. We provide a property health examination free service one year after free the delivery of residential projects .

(III) Overview of technology and R&D:

The Company continues to update the latest government laws and regulations, especially in response to new laws related to urban renewal, reconstruction of urban unsafe and old buildings, and TOD, in order to ensure the benefits of future development projects are maximized. We also actively invite external lecturers and vendors to exchange information on building materials at the Company, so as to improve the quality of various types of buildings, including residential buildings and factory offices. We focus on the possibility of saving construction costs through construction methods and techniques, in order to broaden employees' horizons and improve their knowledge of the field and professional competencies.

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

1. Short-term development plans:

(1) Sales plans

Provide comprehensive property management for completed buildings. Increase the software value of buildings and continue sales. Implement rigorous oversight over construction quality of projects under construction and adjust the sales strategy based on market and sale conditions.

(2) Recent proposals

A: Kuo Yang Intercontinental Corporate Head Office (Plants and office)

The Project is located on Jiuzong Section, Neihu Technology Park, Taipei City. It is connected to central Taipei to the west and Nangang and Xizhi to the east. It will also be connected by the MRT Circular Line East Section and Minsheng Xizhi Line. The area already has comprehensive functions and the products are planned as units with 80 to 180 pings.

B. The Green Place Phase D - The Green World (residential building)

Located in close proximity to National Museum of Taiwan History, this project overlooks the Tainan Asia-Pacific International Baseball Stadiums and has front row seats to the residential neighborhood in the area. The surrounding public infrastructure include planned elementary school and junior high school, and is 20 meters to the Huanbei North Road to the north, 40 meters to Huanguan Road to the south, 20 meters to Huanguan 3rd Road in the west, and 20 meters to Huanguan 2nd Road to the east. Besides Huanguan Road and Changhe Road, it is also adjacent to the major national transportation project - Tainan Metropolitan Expressway as well as Yongkang Expressway.

The highlight of this product are unit types A and B, which are 6 meters and 7 meters wide and approximately 70 to 84 pings in size, respectively. Dual parking space, two conference rooms, and a villa-type residence with elevators and lots of greenery.

C. Kuo Yang Guanghe (residential building)

This project is located in Baoyuan Section, Xindian District, New Taipei City, close to Baogao Science and Intellectual Park - The smart technology development hub. It prioritizes maximizing benefits from being close to the waterfront and creating waterscape resources, and creates a commercial space platform on the waterfront for consumption and leisure activities. The products are planned with an area of 22-47 ping, which meet the rigid market demand for small and medium-sized products with low total price in recent years. This project not only has the advantages of a large base of 1,000 ping, a large park with green environment, comfortable riverbanks, and distance with the park, it is also a key area for New Taipei City to realize a smart city ° .

2. Long-term development plans::

(1) Land development:

The main methods for land acquisition include outright purchase and joint construction. In the short term, the Company will continue to prioritize the development of land in the prime areas of Taipei, New Taipei, Tainan, and Kaohsiung based on the project plans.

Though undeveloped land in prime areas of Taiwan is scarce nowadays and the price of land is extremely high, making it very challenging to acquire land through purchases; nevertheless, the Company strongly supports the

development trend of the urban renewal policy, and has acquired land development rights in prime areas using joint construction or contract construction. This will also be the Company's key developments going forward.

During the land development stage, the Company conducts due diligence on major government policies, progress of public construction projects, regional household administration policies, and the current state of the property. We carefully evaluate the potential risks and profits of the investment and development of individual projects. Before completing the land acquisition process, we will always maintain business management and protect the interests of our customers and shareholders.

(2) Product planning:

The Company shall provide reasonably priced projects with different functions for buyers with different requirements and position products correctly based on location and scale.

(3) Resource integration:

This Company will continue to invest in the integration of computer hardware, software, and corporate intranet resources to improve management procedures, increase work efficiency, and manage the operating procedures of customer services to strengthen the Company's competitiveness.

(4) Human resource management and Talent development:

The Company has established a comprehensive human resource system. In addition to enhancing employee training to improve employee quality and professional skills, we also focus on employee benefits and provide them with a good work environment to encourage them to make use of their talents at work.

The Company will continue the human resource training program to train professional employees and attract talented management personnel to attain sustainability and create better construction projects.

## II. Overview of market, production, and sales

### (I) Market analysis

#### 1. Market conditions and forecast of Taiwan's housing market in 2024

In 2023, the transaction volume of the domestic real estate market shrunk to the lowest point in the past four years. However, the performance in the first and second half of the year was very different, bottoming out and then bouncing back. Unlike the sluggish situation in the first half of the year, the domestic real estate

market came alive in the second half of the year, especially with the wave buyers at the end of the year, and assistance from the "preferential mortgage program for young adults." Purchases of housing for self-use and property stabilized. With the wave of new houses handed over before the end of the year, the decline in overall transaction volume of the housing market was reduced. In this situation, the trend of the construction industry's view of current business conditions in Figure 1 according to the TIER show that the industry had a "pessimistic outlook" in the first quarter of 2023, and then "confidence improved" in the second to fourth quarters, reflecting on the demand in the real estate market first falling and then rising. However, the residential market was still in recession in 2023. After all, the market was previously impacted by policies to curb real estate market speculation, mortgage rates rose above 2.0%, and the domestic economic situation clearly did not meet expectations. As a result, demand in the residential market in 2023 decreased compared to 2022.

The real estate market of Taiwan in 2024 will be slightly better than that in 2023. Government agencies are less lenient on the policy to curb real estate speculation, and will focus on a policy aimed for precise and strategic control, especially the multi-house tax. 2.0 and reform of how floor area is counted, which will put greater pressure on the operations of real estate developers and make future land purchases more cautious and rational. Moreover, new supply from the large number of applications previously submitted by construction companies is about to emerge, and construction companies will even face high costs for green buildings and land, which will limit their overall profit margin. Fortunately, the Preferential Housing Loan Program for Successful Family Foundation of Youth 2.0 has brought first-time home buyers, the government will continue to promote urban renewal and reconstruction of urban unsafe and old buildings, the rigid industrial demand will continue to drive the development of real estate, such as industrial real estate, warehousing and logistics, data centers, and resorts. Hence, demand in the real estate market will slightly improve in 2024.

## 2. Survey on residential housing demand

The survey on housing demand in 2023 was implemented in accordance with the overall residential building policy, and the targets of the survey were applicants for rental subsidies throughout the 22 counties and cities in Taiwan. The 2022 survey data showed that of all the areas for leased residential buildings, in terms of

households, the type of social housing properties in highest demand among applicants for rental subsidies was "1 bedroom" (34.8%), followed by "2 bedrooms" (34.4%), which combine for nearly 70%, and then "3 bedrooms" (25.5%). Among respondents that applied for rent subsidies in the 6 special municipalities, Taipei City (41.6%) and Tainan City (38.3%) have relatively high demand for 1 bedroom, while New Taipei City (37.4%) and Taipei City (35.9%) have relatively high demand for 2 bedrooms.

Among all rental housing areas, the area of social housing required by applicants of rent subsidies after evaluating household conditions is as follows: The highest percentage required "more than 8 ping and above but less than 14 ping" (29.6%), followed by "20 ping and above but less than 30 ping" (28.7%), which combine for nearly 60%, followed by "14 ping and above but less than 20 ping" (22.8%). Among respondents that applied for rent subsidies in the 6 special municipalities, Taichung City (33.2%) and Tainan City (32.8%) have relatively high demand for 8-14 ping, while New Taipei City (33.7%) and Taoyuan City (33.5%) have relatively high demand for 20-30 ping.

Based on the data above, among current demand for products in Taiwan's real estate market, 1-bedroom and 2-bedroom housing units have the highest demand; in terms of floor area, 8-14 ping housing units have the highest demand

### 3. Survey on demand for plants and offices

The market for plants and offices has grown rapidly in recent years, which can be observed from the continued high number of construction permits and building use permits issued by the Ministry of the Interior. In 2023, construction permits were issued for 3.54 million ping of "industrial warehouses" and "office services" nationwide, and building use permits were issued for 3.11 million ping, both of which are the highest since statistics were collected in 1999. This shows that market prospects are promising and have attracted listed construction companies to increase their investment in office products.

The office market in Taipei City is booming. Supply has increase, but the rigid demand of companies is also strong, including the return of Taiwanese businessmen to expand factories due to US-China trade war, companies integrating their head office, and companies upgrading their offices under the global trend of net-zero emissions, in order to meet the carbon reduction or carbon neutrality requirements of European and

American customers.

After carbon fee is levied next year, the polarized fluctuations in demand for offices will become even more severe! Old office buildings in prime locations face difficulties, such as a large gap in software and hardware conditions and staggering renovation costs. This will accelerate their withdrawal from the market and invest in renovations. Plants and offices that meet the indicators not only have an advantage in terms of green premiums, but also have a competitive advantage when facing the pressure of excessive supply.

"Taipei One" was recently sold for a total price of more than NT\$1 billion, which is NT\$1.76 million per ping, becoming the highest unit price for a pre-sale commercial office. The "BES Cloud Universal Park" was purchased by Foxconn for NT\$7.549 billion, which is nearly NT\$550,000 per ping, setting a record for the highest unit price for pre-sales of plants in New Taipei City.

This also shows that the commercial real estate market is booming and the industry is optimistic about Taiwan's future investment environment. Even though supply has increased, there is still room for prices of products that meet market expectations to increase. Among the listed companies that contacted us recently, two types of demand increased the most. First is the demand for large offices to integrate office spaces scattered in different areas and floors in response to the growing scale of business operations. The second is companies searching for a new location to recruit business and attract talent because its current office cannot meet the needs of industrial transformation.

These two types of customers pay more attention to the ESG planning of the office, such as obtaining the LEED certification of the U.S. Green Building Council, WELL certification for healthy buildings, and whether there are plans to purchase green electricity and green electricity certificate services in a unified manner. The trend and demand on green offices will continue to drive the transaction volume higher ◦

#### 4. Future market supply and demand and product positioning

From the perspective of the housing market business cycle in 2024, the sixth cycle started with the decline of the housing market in 2014, bottoming out in 2018, and then bouncing back to 2023. After a bullish market for 6 years, the housing



market has weakened, the total price has been limited in various places, and the floor area continues to shrink. The rise in housing prices has slowed, indicating that the bullish trend is about to end. From the perspective of supply and demand, the sales of pre-sale housing in Taiwan has been poor in recent years. According to statistics of the Ministry of Interior, the number of remaining units at the end of 2022 reached 82,000, and the number of houses for sale is likely over 100,000 in 2023. However, due to rising costs and the deep pockets of developers, prices cannot go higher, but have not declined either. Only some areas with large volume and over-priced units might see a slight decline in prices. If there are favorable policies this year, it will provide an opportunity for remaining units to be sold. If there are no favorable policies, remaining units might engage in price competition with new projects.

In addition, from the perspective of interest rates, the world has stopped raising interest rates and is leaning towards interest rate cuts, which will help stabilize housing prices. Interest rate cuts will impact the housing market in three stages. First, the initial stage of interest rate cuts is often a symbol of economic downturn and will not boost the housing market. In the middle of interest rate cuts, approximately from 2024Q3 to 2025Q2, there will be an impact on economic growth, income will increase, and private consumption will also begin to increase. Entering the final phase of interest rate cuts, which is expected to be after 2025Q3, hot money in the market will increase significantly. The abundance of funds and low interest rates will be the two engines driving demand in the housing market.

In terms of products, with mainly rigid demand, sellers will not be able to stand firm on high price products, but lower price products will remain stable. In addition, the pre-sale housing market will engage in market competition, and the existing housing market will see higher transaction volume.

From the perspective of regional business districts, the high-speed rail economy, emerging industrial parks, and emerging redevelopment zones will be the three major development potential areas in 2024.

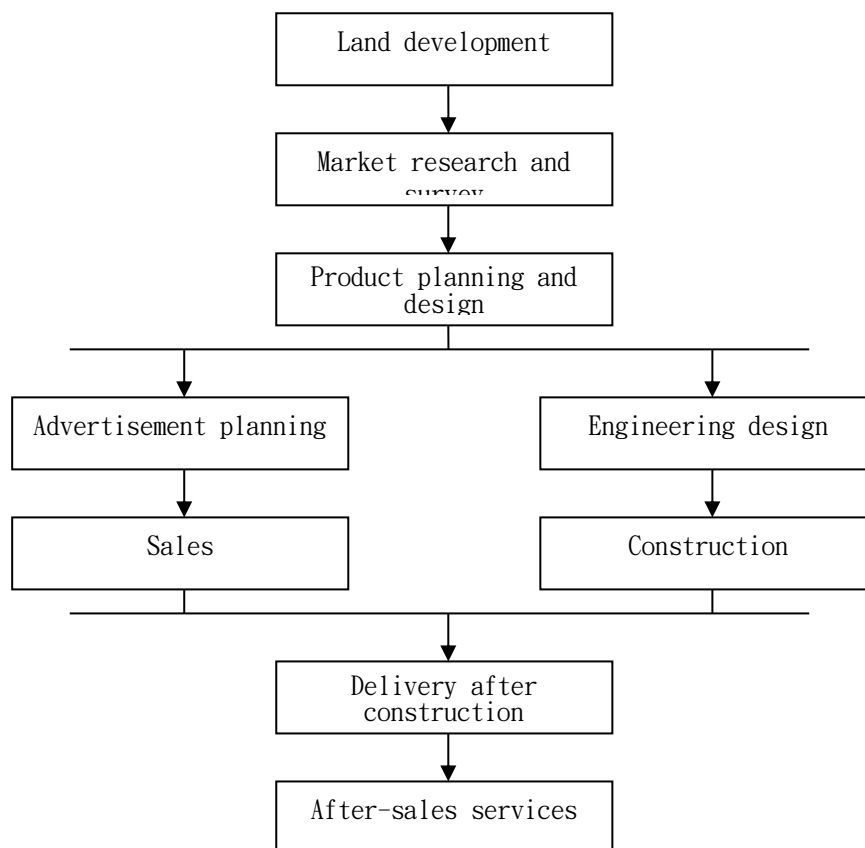
There may still be many policy factors that will interfere with the real estate market in 2024. If there is stimulation from major news, the real estate market will experience short-term changes and fluctuations, but it will eventually consolidate. The overall real estate market will show prices consolidating instead of declining and prices consolidating while volume remains stable.

## (II) Application and production of key products

### 1. Major applications of main products

The Company's main businesses are the construction of residential buildings, office buildings, and industrial plants for lease and sales. Lease.

### 2. Production process of main products



## (III) Supply status of primary raw materials

### 1. Land for construction

The Company's Development Division continues to launch a stable number of projects. To actively acquire land and effectively accelerate the progress of existing projects, the Division makes good use of sources of land provided by brokers and attends land tender seminars organized by public and private institutions across Taiwan. We also conduct feasibility analyses on individual land tenders or public urban renewal projects. The Company expands development beyond residential projects and adopts different product positioning based on the different economic, environmental, and social needs in each area. The main products can be divided into residential buildings and commercial buildings based on their functions. The Company also targets other projects including hotels, department stores, office buildings, and plants and offices. After collecting related information, we actively participate in the tenders of feasible projects. We learn about the location, ownership, and quantity of land materials in specific areas and actively request real estate brokers to broker deals. The Company's long-term diversified land development strategy focuses on joint development with owners of private land, urban renewal projects, and other related development models for project evaluations. We increase the diversity of projects and acquire land when necessary to meet the Company's operational needs. The Company is also open to strategic alliances or joint development with other developers to integrate external

resources, develop more projects, and create more sources of revenue for the Company.

2. Construction projects

The Company appoints architects' offices with domestic qualifications for the design of projects to maintain the Company's brand image and the quality of projects. We also appoint Grade A construction companies in Taiwan for the construction of the main parts of construction projects. The parties sign official contract to protect the Company's interests and closely monitor the construction costs and profits.

(IV) Names of customers who accounted for more than 10% of the purchase(sales) in any of the last two years, and the purchase(sales) amount and ratio

1. List of key clients:

The Company is a construction company and products are generally sold directly to regular house buyers. Therefore, the Company generally does not have key clients.

The operating revenue in 2023 derived mainly from the construction revenue from The Green Place and Smile Era Project

. As the buyers were dispersed, there were no cases where a single buyer accounts for more than 10% of total sales in this year.

2. List of key suppliers

**Key suppliers in the last two years**

Unit: NT\$1,000

Item	2022				2023			
	Name	Amount	Percentage of net purchases of the year(%)	Relationship with issuer	Name	Amount	Percentage of net purchases of the year(%)	Relationship with issuer
1	Landowner of Kaohsiung Gushan Project	1,296,265	31.08%	None	Continental Engineering Corporation	269,312	17.36%	None
2	Tung Kang Industrial Co., Ltd.	971,486	23.29%	None	Jin Xiexing construction co., Ltd.	212,685	13.71%	None
3	Zhonghe Factory Landlord	503,614	12.07%	None	Zangyu construction co., Ltd.	190,862	12.31%	None
4	Landlords in Minsheng section of Kaohsiung	284,690	6.83%	None	Chun Chieh Construction Co., Ltd.	148,700	9.59%	None
5	Taipei City Government Department of Urban Development	147,322	3.53%	None	Li Zhaojia Architects	43,803	2.82%	None
6	Other	967,908	23.20%	-	Other	685,718	44.21%	-
	Net purchases of goods	4,171,285	100%	-	Net purchases of goods	1,551,080	100%	-

Note: The purchases include the cost of land acquisition, construction cost, and capitalized interest expenses. The sellers of land purchases are summarized and expressed for each construction project. The capitalized interest expenses cannot be expressed individually for each seller. The amount of capitalized interest expenses in 2023 and 2022 was NT\$146,328 thousand and NT\$89,366 thousand, respectively.

Production volume and value for the last two years

Unit: NT\$1,000

Production quantity and value Main products	Year	2022			2023		
		Production capacity	Production volume	Production value(Note)	Production capacity	Production volume	Production value(Note)
Land		-	-	-	-	-	-
Residential buildings		-	-	4,171,285	-	-	1,551,080
Other		-	-	-	-	-	-
Total		-	-	4,171,285	-	-	1,551,080

Note: The aforementioned data consist of land and construction costs invested in the last two years

(V) Sales volume and value for the last two years(consolidated)

Unit: Ping;NT\$1,000

Sales volume and value Main products	Year	2022				2023			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Ping	Amount	Ping	Amount	Ping	Amount	Ping	Amount
Land		-	-	-	-	-	-	-	-
Residential buildings		31,022.47	3,932,431	-	-	3,768.37	673,910	-	-
Lease		-	10,417	-	-	-	9,981	-	-
Other		-	11,668	-	-	-	51,568	-	-
Total		31,022.47	3,954,516	-	-	3,768.37	735,459	-	-

Note: 1. The sales value is calculated based on the operating revenue recognized for each year.

2. The sales volume refers to the total pings sold for individual projects.

### III. Employees: Employee information for the last two years until the publication date of the Annual Report

Year		2022	2023	Current year as of March 31, 2024(Note)
Number of employees	Manager	6	7	7
	General employees	68	69	70
	Total	74	76	77
Average age		47.7	48.6	48.9
Average years of service		9.4	10	10
Academic qualifications	Ph.D.	0%	0	0
	Master's Degree	16.22%	22.37%	20.78%
	Bachelor's Degree	70.27%	64.47%	66.23%
	Senior High School	13.51%	13.16%	12.99%
	Senior High School and below	-	-	-

Note: The Company shall fill information for the current fiscal year until the publication date of the Annual Report.

### IV. Environmental protection expenditure information

- (I) According to laws and regulations, if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: Not applicable.
- (II) The Company's investment in environmental pollution prevention equipment, use, and expected benefits: Not applicable.
- (III) Explanation of the pollution treatment and environment improvement of the Company over last two years until the publication date of this report. If there had been any pollution dispute, its handling process will also be explained: None.
- (IV) Total losses and fines for environmental pollution in the two most recent fiscal years and as of the publication date of the Annual Report, and explanations of the measures and possible disbursements to be made in the future: None.
- (V) Explain the current status of pollution, its effects on the Company's earnings, competitive position and capital spending, and capital expenditure estimated major environmental protection measures in the next two years:

The Company's operations have not created environmental pollution issues and the Company has not sustained losses due to pollution. The Company also does not expect to incur material environmental protection expenditures in the future.

### V. Employer-employee relations:

- (I) Current important labor-management agreements and implementation:

1. Employee welfare measures:

The Company pays close attention to employee benefits and implements benefit measures systematically on a regular basis. The main items are as follows:

- The Company purchases labor insurance, health insurance, and commercial

- group insurance (including medical insurance) for each employee.
- Marriage, funeral, and childbirth subsidies, and employee birthday gift money.
- The Company distributes gift money and presents each employee with gift boxes on Dragon Boat Festival, Mid-Autumn Festival, and Chinese New Year.
- The Company organizes employee travel in Taiwan and abroad from time to time to help employees balance work and life.
- We organize dinner parties between different departments to increase employee cohesion.

2. Employee training programs:

- We periodically organize internal and external training programs to enhance employees' competitive advantages, inspire potential, and consolidate important competitive advantages for the Company's sustainability.
- We visit the construction projects of competitors from time to time and request suppliers to organize seminars on building materials at the Company.

3. Employee health and construction site safety:

- Health examination: The Company provides regular subsidies for employees' health examinations to take care of employees' health.
- Medical supplies: General medical kit: The Company has installed an automated external defibrillator (AED) at the Company and provided first-aid training.
- Maintenance of a comfortable and healthy office environment: The office was relocated to the new "Diamond-class" United Daily News Office Building which is monitored for PM2.5 each day. The Company also regularly cleans and disinfects the office environment.

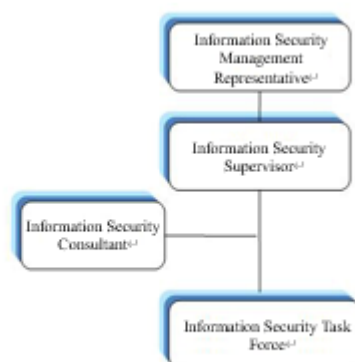
4. Employee retirement system:

- New system of the Labor Pension Act: The Company pays 6% of employees' wages to the dedicated personal pension account at the Bureau of Labor Insurance each month. For those who voluntarily pay additional pension, the Company deducts amounts from the employees' monthly salary based on the voluntary appropriation rate each month.

- (II) 1. Losses arising as a result of labor disputes in the recent year up until the publication date of this annual report: None
2. Estimations for possible losses in the future and response measures: None

## VI. Information security management

### (I) Information Security Risk Management Framework



- (1) Information Security Management Representative: The president or department head is responsible for the direction and strategy of information security development.
- (2) Information Security Supervisor: Plan and design information security software and hardware systems and formulate information security management regulations.
- (3) Information Security Consultant: Provide consultation on information security related issues to improve the reliability of information security systems.
- (4) Information Security Task Force: Information security maintenance and training.

## (II) Information Security Policy

The Company established the "Computer Information and Information Security Management Regulations," which was amended for the second time on December 18, 2023 based on the Company's actual internal management needs.

Employees are required to properly carry out management in accordance with relevant information protection regulations announced by the Company and have information security awareness. In addition to the information security control measures for the services provided by information systems, we also focus on protecting the confidentiality, integrity and availability of important personal and transaction data. At the same time, information security management is strengthened to ensure the information security of software and hardware, such as data, systems, equipment and networks, deploy information security technology, and implement information security management operations and concepts to prevent losses caused by information or law

## (III) Specific management plans

The management method is formulated according to the classification of each department and different categories:

- (1) Personnel management: Personnel at all levels are required to sign the "Declaration of Compliance with the Company's Personal Computer Software Use Policy" (CE01-F04) to ensure the Company's rights and avoid being accused of infringement.
- (2) Document management: Departments verify and control confidential documents held within the department. Inter-department transfers must be approved according to regulations and may not be leaked. Except for business contact needs, external agencies are not allowed to photocopy, photograph, transcribe, carry out or transmit documents by email. Violators will be strictly punished.
- (3) Network information security:
  - Firewalls are installed for ports for external connections to block hackers and viruses.
  - Employees who remotely log in to access the Company's system resources must use a computer issued by the Company and connect through a VPN.
  - Different network segments must be provided for the wireless network to prevent outsiders from intruding into the Company's systems.
- (4) Virus protection management:
  - Anti-virus software is installed on both the server and the client and needs to be automatically updated to block the latest viruses.
  - Establish a spam filtering mechanism to prevent viruses or spam from entering user computers.



(5) Computer security:

- Company employees must use computer equipment provided by the Company and controlled by the company domain. It is prohibited to use non-company equipment to log into the domain system.
- All company computers use genuine software, which is legal and can be updated to improve security.

(6) System access control:

- The use of each application system by employees must be approved by the supervisor, and only personnel with the administrator account of each system may authorize the use.
- The domain system password must be of appropriate strength, must be eight or more characters, and must contain numbers, Chinese, uppercase and lowercase English letters, and special symbols (three out of the four).
- The accounts of employees who resign must be immediately deactivated and the computer equipment distributed to them must be recovered.

(7) System sustainability:

- To ensure system security, contracts with information security consultants or contractors must be renewed every year to maintain the latest security protection and consulting.
- Establish a system backup mechanism and implement remote backup.
- Conduct annual assessments and carry out simulated disaster recovery drills.
- Replace old equipment to avoid parts failure that could delay company operations. At the same time, pay attention to replacing equipment or system versions if the manufacturers no longer support firmware updates.

(8) Information security promotion and training:

- Regularly provide information on various scams and viruses.
- Irregularly use phishing and other methods to increase employee alertness.

(9) Instant messaging: Except for business needs on the Company's website, employees may not use the Internet for matters unrelated to business. Instant messaging management uses "mechanism management" for monitoring, and conducts irregular inspections for contro

(IV) Invest resources toward information security management

The IT Division is not solely responsible for information security; but rather, it is a safety concern that must be addressed by all employees. Besides investing toward defensive equipment and purchasing relevant information security services, the IT Division also promotes information security awareness to employees in order to strengthen risk management.. Two information security personnel were appointed in 2023, and a digital course for information security management training was offered with the theme "Information Security and Information Security Policy Promotional Video"; the Company's employee participation rate reached 96%.

(V) Major Information Security Incident

The Company has found no material information security incidents in 2022 and this year as of the publication date of the Annual Report.

## VII. Important contracts

Supply and sales contracts, technological cooperation contracts, construction contracts, long-term loan contracts, and other important contracts that may affect investor rights and interests currently effective or expiring in the most recent year:

Nature of contract	Party	Commencement date/expiration date	Main contents	Restrictive clauses
Joint purchase, investment, and construction	Tsang Shan Development Co., Ltd. Chi Hsuan Development Co., Ltd.	May 7, 2013 to the completion of the project	Joint purchase, investment, and construction project with Chi Hsuan and Tsang Shan for the Good morning, Kuo Yang Project on 1 plot of land(No. 1382-21)on Tiaohe Section, Keelung	None
Joint investment and construction & contracted operations, management, and construction	Six companies including Wei Li International Development Co., Ltd.	September 5, 2012 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with the landowner for The Green Place Project on 1 plot of land(No. 24)on Heguan Section, Annan District, Tainan City	None
Joint construction and division of properties	27 persons including Chih-Cheng Li	March 12, 2010 to the completion of the construction and division of properties	Joint construction and division of properties with landowners in the Jilin Urban Renewal Project on 25 plots of land including plot No. 63-1 on Subsection 4, Jilin District, Taipei City	None
Joint purchase, investment, and construction	Four companies including Hanshin Asset Management Co., Ltd.	November 25, 2016 to the completion of the project	Joint purchase, investment, and construction of plants and offices with Hanshin Asset Management, Li Yang Agricultural Technology, and Heng Jui Development for the Kuo Yang Silicon Valley Project on 24 plots of land including plot No. 162 on Gonjian Section, Xizhi District, New Taipei City	None
Superficies	Southern Region Branch, National Property Administration, Shen Yang Construction Co., Ltd.	2014.04~2084.04	70 years of superficies set for the Smile Era Project on plot No. 1492, Shengxing Section, Qianzhen District, Kaohsiung City	Unconditional return of land and buildings to the National Property Administration upon expiry
Joint fundraising and construction & contracted operations, management, and construction	Shen Yang Construction Co., Ltd. Han Lin Development Co., Ltd.	June 3, 2016 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with Han Lin for the Smile Era Project on plot No. 1492, Shengxing Section, Qianzhen District, Kaohsiung City	None

Nature of contract	Party	Commencement date/expiration date	Main contents	Restrictive clauses
Joint purchase, investment, and construction	Six companies including Wei Li International Development Co., Ltd.	November 23, 2016 to the completion of the project	Joint purchase, investment, and construction of plants and offices with Chuwa Wool Industry, Hanshin Asset Management, Li Yang Agricultural Technology, Wei Li International Development, and Grand Hi-Lai Hotel for the Neihu Jiuzong Project on 4 plots of land including plot No. 83-1 on Jiuzong Section, Neihu District, Taipei City	None
Joint purchase, investment, and construction	Tsang Hsin Construction Co., Ltd.	April 28, 2021 to the completion of the project	Joint purchase, investment, and construction of residential buildings with Tsang Hsin for the Kaohsiung Fengshan Project on plot No. 9, Shengli Section, Fengshan District, Kaohsiung City	None
Joint investment and purchase & contracted operations, management, and construction	Six companies including Wei Li International Development Co., Ltd.	January 28, 2021 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with six companies for the Tucheng Project on 19 plots of land including plot No. 365 on Zhongyi Section, Tucheng District Kuo Yang invested 50%	None
Joint investment and purchase&contracted operations, management, and construction	Five companies including Wei Li International Development Co., Ltd	July 15, 2021 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with Chuwa Wool Industry, Wei Li International Development, Hanshin Asset Management, and Grand Hi-Lai Hotel for the Sanchong Zhongxing Project on 9 plots of land including plot No. 28 on Zhongxing Section, Sanchong District, New Taipei City. Kuo Yang invested 50%.	None
Joint investment and purchase & contracted operations, management, and construction	Five companies including Wei Li International Development Co., Ltd.	July 4, 2022 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with Han Lin Development Co., Ltd., Wei Li International Development, Hanshin Shopping Plaza, and Grand Hi-Lai Hotel for the Xizhi Xiwan Road Project on 28 plots of land including plot No. 895 on Jiangbei Section, Xizhi District, New Taipei City. Kuo Yang invested 50%.	None

Nature of contract	Party	Commencement date/expiration date	Main contents	Restrictive clauses
Joint investment and purchase & contracted operations, management, and construction	Seven companies including Wei Li International Development Co., Ltd.	March 22, 2022 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with Goldshare Investment Corporation, Wei Li International Development, Hanshin Asset Management, Hanshin Shopping Plaza, Hsueh-Yong Ltd., and Heng-Rui Development Co., Ltd. for the Kaohsiung Nong 16 Project on 3 plots of land including plot No. 194 on Longzhong Section, Gushan District, Kaoshiung. Kuo Yang invested 50%.	None
Jointly formed project team to execute subsequent project implementations	Taiwan Life Insurance Co., Ltd.	March 31, 2022 to the completion of the project	Jointly formed project team with Taiwan Life Insurance Co., Ltd. To execute subsequent project implementations, and to sign agreement related to this project with the organizer and execute subsequent coordination, development, planning, design, construction, and allocations for the Kaohsiung Special Trade Zone 3 (South base north side) urban renewal project.	None

## F. Financial Overview

### I. Condensed balance sheets, statements of comprehensive income, names of certifying CPAs, and audit opinions in the most recent five years

#### (I) Condensed balance sheet and statements of income

Condensed balance sheet(consolidated financial report)Unit: NT\$1,000

Item		Year	Financial data for the most recent five years(Note 1)				
			2019	2020	2021	2022	2023
Current assets			16,905,435	17,737,237	15,242,832	14,641,622	16,153,793
Property, plant and equipment(Note 2)			72,178	86,325	78,942	73,731	81,671
Intangible assets			-	-	-	-	-
Other assets(Note 2)			1,594,179	2,485,524	2,027,801	2,060,784	2,313,235
Total assets			18,571,792	20,309,086	17,349,575	16,776,137	18,548,699
Current liabilities	Before distribution		10,266,443	10,951,154	8,038,095	7,137,392	8,331,175
	After distribution		10,370,930	11,331,154	8,038,095	7,137,392	8,483,175 (Note 2)
Non-current liabilities			87,890	67,338	48,166	25,266	12,288
Total liabilities	Before distribution		10,354,333	11,018,492	8,086,261	7,162,658	8,343,463
	After distribution		10,458,820	11,398,492	8,086,261	7,162,658	8,495,463 (Note 2)
Equity attributable to owners of parent company			8,191,461	9,256,668	9,229,402	9,509,577	10,099,676
Share capital			6,965,825	3,800,000	3,800,000	3,800,000	3,800,000
Capital surplus			627,683	627,683	627,683	627,683	627,683
Retained earnings	Before distribution		502,443	4,312,960	4,811,736	5,220,126	5,519,460
	After distribution		397,956	3,932,960	4,811,736	5,220,126	5,367,460 (Note 2)
Other equity			95,510	516,025	(10,017)	(138,232)	152,533
Treasury stock			-	-	-	-	-
Non-controlling interest			25,998	33,926	33,912	103,902	105,560
Total equity	Before distribution		8,217,459	9,290,594	9,263,314	9,613,479	10,205,236
	After distribution		8,112,972	8,910,594	9,263,314	9,613,479	10,053,236 (Note 2)

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

Note 2: Approved in the resolution of the Board of Directors on March 13, 2024.

## Condensed consolidated income statement(consolidated financial report)

Unit: NT\$1,000

Item	Year	Financial data for the most recent five years(Note 1)				
		2019	2020	2021	2022	2023
Operating revenue		1, 923, 024	14, 277, 915	5, 124, 284	3, 954, 516	735, 459
Operating profit		464, 724	5, 525, 434	1, 362, 190	784, 877	291, 545
Operating profit and loss		126, 498	5, 003, 829	940, 233	279, 217	10, 735
Non-operating income and expenses		(63, 023)	155, 761	225, 397	274, 182	322, 976
Net profit/loss before tax		63, 475	5, 159, 590	1, 165, 630	553, 399	333, 711
Current profit or loss from continuing operations		56, 888	4, 943, 067	982, 137	485, 918	304, 876
Loss from discontinued operations		-	-	-	-	-
Current net profit(net loss)		56, 888	4, 943, 067	982, 137	485, 918	304, 876
Other comprehensive income/losses for the current period(net income after tax)		63, 258	437, 254	(249, 417)	(205, 753)	285, 901
Total comprehensive income		120, 146	5, 380, 321	732, 720	280, 165	590, 777
Net profit(loss)attributable to owners of the parent company		56, 890	4, 943, 139	982, 151	485, 928	304, 198
Net profit(loss)attributable to non-controlling interests		(2)	(72)	(14)	(10)	678
Total comprehensive income attributable to owners of the parent company		120, 148	5, 380, 393	732, 734	280, 175	590, 099
Total comprehensive income attributable to non-controlling interests		(2)	(72)	(14)	(10)	678
EPS		0.08	7.58	2.58	1.28	0.8

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

Condensed balance sheet(individual financial report)

Unit: NT\$1,000

Item	Year	Financial data for the most recent five years(Note 1)				
		2019	2020	2021	2022	2023
Current assets		15,147,587	15,434,367	12,627,309	11,557,747	12,622,935
Property, plant and equipment(Note 2)		34,808	34,250	30,459	28,704	39,771
Intangible assets		-	-	-	-	-
Other assets(Note 2)		2,092,331	3,756,247	3,708,230	4,012,183	4,350,683
Total assets		17,274,726	19,224,864	16,365,998	15,598,634	17,013,389
Current liabilities	Before distribution	8,996,759	9,902,241	7,089,706	6,064,393	6,901,855
	After distribution	9,101,246	10,282,241	7,089,706	6,064,393	7,053,855 (Note 2)
Non-current liabilities		86,506	65,955	46,890	24,664	11,858
Total liabilities	Before distribution	9,083,265	9,968,196	7,136,596	6,089,057	6,913,713
	After distribution	9,187,752	10,348,196	7,136,596	6,089,057	7,065,713 (Note 2)
Equity attributable to owners of parent company		8,191,461	9,256,668	9,229,402	9,509,577	10,099,676
Share capital		6,965,825	3,800,000	3,800,000	3,800,000	3,800,000
Capital surplus		627,683	627,683	627,683	627,683	627,683
Retained earnings	Before distribution	502,443	4,312,960	4,811,736	5,220,126	5,519,460
	After distribution	397,956	3,932,960	4,811,736	5,220,126	5,367,460 (Note 2)
Other equity		95,510	516,025	(10,017)	(138,232)	152,533
Treasury stock			-	-	-	-
Total equity	Before distribution	8,191,461	9,256,668	9,229,402	9,509,577	10,099,676
	After distribution	8,086,974	8,876,668	9,229,402	9,509,577	9,947,676 (Note 2)

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

Note 2: Approved in the resolution of the Board of Directors on March 13, 2024.

Condensed consolidated income statement (individual financial report)

Unit: NT\$1,000

Item \ Year	Financial data for the most recent five years(Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	1,393,666	13,789,342	4,527,439	3,111,563	571,021
Operating profit	357,960	5,633,634	1,210,051	526,492	229,020
Operating profit and loss	99,089	5,194,466	857,060	104,582	(13,233)
Non-operating income and expenses	(35,612)	(34,804)	299,773	433,068	340,047
Net profit/loss before tax	63,477	5,159,662	1,156,833	537,650	326,814
Continuing operations Current profit and loss	56,890	4,943,139	982,151	485,928	304,198
Loss from discontinued operations	-	-	-	-	-
Current net profit(net loss)	56,890	4,943,139	982,151	485,928	304,198
Other comprehensive income/losses for the current period(net income after tax)	63,258	437,254	(249,417)	(205,753)	285,901
Total comprehensive income	120,148	5,380,393	732,734	280,175	590,099
EPS	0.08	7.58	2.58	1.28	0.80

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

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(II) Names of certifying CPAs of the most recent five years and audit opinions:

1. Names of auditors and opinions in the most recent five years

Year	Name of certifying CPA	Certifying CPA firm	Audit opinions
2019	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2020	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2021	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2022	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2023	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters

2. If there is any replacement of auditor in the last five years, the reasons for the replacement of the CPA firm and the former and successor CPAs should be explained:None

## II. Financial analysis for the most recent five years

### (1) Financial analysis (consolidated financial report)

Analysis item(Note 3)		Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to total assets ratio	55.75	54.25	46.61	42.70	44.98
	Ratio of long-term capital to real estate properties, plants and equipment	11,506.76	10,840.35	11,795.34	13,072.85	12,510.59
Solvency (%)	Current ratio	164.67	161.97	189.63	205.14	193.9
	Quick ratio	24.49	66.05	54.04	40.50	39.23
	Interest protection multiples	1.66	74.25	25.97	19.13	17.89
Operating ability	Receivable turnover(times)	10.70	71.10	12.39	12.63	5.42
	Average collection days	34.11	5.13	29.45	28.89	67.34
	Inventory turnover(times)	0.11	0.70	0.34	0.27	0.04
	Payable turnover(times)	2.12	10.58	4.77	6.76	1.32
	Average inventory turnover days	3,318.18	521.42	1,073.52	1,351.85	9,125
	Property, plant, and equipment turnover ratio(times)	29.96	180.16	62.01	51.80	9.47
	Total assets turnover(times)	0.11	0.73	0.27	0.23	0.04
Profitability	Return on assets (%)	0.74	25.72	5.41	2.99	1.82
	Return on equity (%)	0.68	56.47	10.59	5.15	3.08
	Pre-tax income to paid-in capital ratio(%)(Note 7)	0.91	135.78	30.67	14.56	8.78
	Net profit margin (%)	2.96	34.62	19.17	12.29	41.45
	Earnings per share(NT\$)	0.08	7.58	2.58	1.28	0.8
Cash flow	Cash flow ratio (%)	-	82.79	7.20	-	-
	Cash flow adequacy ratio (%)	-	200.72	222.15	187.26	204.84
	Cash reinvestment ratio	-	84.30	-	-	-
Leverage	Operating leverage	1.25	1.01	1.03	1.11	4.02
	Financial leverage	4.25	1.01	1.05	1.12	(1.19)

Explanation of the reasons for changes in financial ratios exceeding 20%in the last two years:

1. Decrease in payable turnover : Mainly due to the Substantially decrease in net sales in 2023. ◦
2. Increase in Average collection days : Mainly due to the lower Receivable turnover in 2023. ◦
3. Decrease in inventory turnover : Mainly due to the decrease in quick assets in 2023. ◦
4. Decrease in payable turnover : Mainly due to the Substantially decrease cost of goods sold in 2023. ◦
5. Increase in average inventory turnover days : Mainly due to the Substantially decrease cost of goods sold in 2023. ◦
6. Decrease in property, plant, and equipment turnover ratio total assets turnover : Mainly due to the decrease in net sales in 2023. ◦
7. Decrease in return on assets and return on equity : Mainly due to the decrease in net profit after tax in 2023.
8. Decrease in pre-tax income to paid-in capital ratio : Mainly due to the decrease in net profit before tax in 2023. ◦
9. Increase in net profit margin : Tthe Substantially decrease in net sales in 2023 , However, the gross profit margin and net non-operating income and expenses were higher, resulting in an increase in net profit margin compared with the same period last year. ◦
10. Decrease in EPS : Mainly due to the decrease net profit attributable to owners of the parent company in 2023. ◦
11. Increase in Operating leverage : Mainly due to operating profit decreased significantly in 2023. ◦
12. Decrease in Financial leverage : Mainly due to operating profit decreased significantly in 2023. ◦

## (2) Financial analysis (individual financial report)

Analysis item(Note 3)		Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to total assets ratio	52.58	51.85	43.61	39.04	40.64
	Ratio of long-term capital to real estate properties, plants and equipment	23,781.79	27,219.34	30,455.01	33,215.72	25,424.39
Solvency (%)	Current ratio	168.37	155.87	178.11	190.58	182.89
	Quick ratio	24.82	61.71	46.58	28.59	27.19
	Interest protection multiples	2.01	124.53	37.06	20.83	17.55
Operating ability	Receivable turnover(times)	9.42	80.26	11.76	10.61	4.68
	Average collection days	38.74	4.54	31.03	34.40	77.99
	Inventory turnover(times)	0.08	0.73	0.34	0.26	0.03
	Payable turnover(times)	2.48	11.72	4.48	5.97	1.14
	Average inventory turnover days	4,562.50	500.00	1,073.52	1,403.84	12,166.66
	Property, plant, and equipment turnover ratio(times)	51.90	399.36	139.93	105.19	16.68
	Total assets turnover(times)	0.08	0.76	0.25	0.19	0.04
Profitability	Return on assets (%)	0.65	27.28	5.67	3.18	1.96
	Return on equity (%)	0.68	56.66	10.63	5.19	3.10
	Pre-tax income to paid-in capital ratio (%) (Note 7)	0.91	135.78	30.44	14.15	8.60
	Net profit margin (%)	4.08	35.85	21.69	15.62	53.27
	Earnings per share(NT\$)	0.08	7.58	2.58	1.28	0.80
Cash flow	Cash flow ratio (%)	-	92.21	11.28	-	-
	Cash flow adequacy ratio (%)	6.18	239.91	248.04	202.99	214.63
	Cash reinvestment ratio	-	85.36	0.43	-	-
Leverage	Operating leverage	1.23	1.00	1.03	1.24	(1.10)
	Financial leverage	2.72	1.01	1.04	1.35	0.40

Explanation of the reasons for changes in financial ratios exceeding 20% in the last two years:

1. Decrease in Ratio of long-term capital to real estate properties, plants and equipment : Mainly due to the Substantially Increase Ratio of long-term capital to real estate properties, plants and equipment in 2023
2. Decrease in Receivable turnover : Mainly due to the Substantially decrease in net sales in 2023 .
3. Increase in Average collection days : Mainly due to the decrease Receivable turnover in 2023 .
4. Decrease in inventory turnover : Mainly due to the Substantially decrease cost of goods sold in 2023 .
5. Decrease in payable turnover : Mainly due to the Substantially decrease cost of goods sold in 2023 .
6. Increase in average inventory turnover days : Mainly due to the decrease inventory turnover in 2023. .
7. Decrease in property, plant, and equipment turnover ratio total assets turnover: Mainly due to the decrease in net sales in 2023. .
8. Decrease in return on assets and return on equity: Mainly due to the decrease in net profit after tax in 2023 .
9. Decrease in pre-tax income to paid-in capital ratio: Mainly due to the decrease in net profit before tax in 2023 .
10. Increase in net profit margin : The Substantially decrease in net sales in 2023. , However, the gross profit margin was higher, resulting in an increase in net profit margin compared with the same period last year .

11. Decrease in EPS: Mainly due to the decrease net profit after tax in 2023 ◦
12. Decrease in Operating leverage : Mainly due to operating losses resulting in negative operating leverage in 2023 ◦
13. Decrease in Financial leverage : Mainly due to operating profit decreased significantly in 2023

Note: The formula for calculating the financial ratio is as follows:

#### 1. Financial structure

- (1) Debt to total assets ratio =  $\frac{\text{total liabilities}}{\text{total assets}}$ .
- (2) Ratio of long-term capital to real estate properties, plants and equipment =  $\frac{\text{total equity} + \text{non-current liabilities}}{\text{net amount of real estate properties, plants and equipment}}$ .

#### 2. Solvency

- (1) Current ratio =  $\frac{\text{current assets}}{\text{current liabilities}}$ .
- (2) Quick ratio =  $\frac{\text{current assets} - \text{inventory} - \text{prepaid expense}}{\text{current liabilities}}$ .
- (3) Interest protection multiples =  $\frac{\text{net income before tax and interest expenses}}{\text{current interest expenses}}$ .

#### 3. Operating ability

- (1) Accounts receivable (including accounts receivable and notes receivable arising from operation) turnover ratio =  $\frac{\text{net sales}}{\text{average receivables (including accounts receivable and notes receivable arising from operation) balances}}$ .
- (2) Average collection period =  $\frac{365}{\text{receivable turnover}}$ .
- (3) Inventory turnover =  $\frac{\text{cost of goods sold}}{\text{average inventory}}$ .
- (4) Accounts payable (including accounts payable and notes payable arising from operation) turnover ratio =  $\frac{\text{cost of goods sold}}{\text{average payables (including accounts payable and notes payable arising from operation) balances}}$ .
- (5) Average inventory turnover days =  $\frac{365}{\text{inventory turnover}}$ .
- (6) Property, plant, and equipment turnover ratio =  $\frac{\text{net sales}}{\text{average net for property, plant, and equipment}}$ .
- (7) Total assets turnover =  $\frac{\text{net sales}}{\text{average total assets}}$ .

#### 4. Profitability

- (1) Return on assets =  $\frac{\text{net income} + \text{interest expense}(1 - \text{tax rate})}{\text{average total assets}}$ .
- (2) Return on equity =  $\frac{\text{income after tax}}{\text{net average equity}}$ .
- (3) Net margin =  $\frac{\text{net income}}{\text{net sales}}$ .
- (4) Earnings per share =  $\frac{\text{profit or loss attributable to owners of the parent company} - \text{preferred stock dividends}}{\text{weighted average number of shares issued}}$ . (Note 4)

#### 5. Cash flow

- (1) Cash flow ratio =  $\frac{\text{new cash flows from operating activities}}{\text{current liabilities}}$ .
- (2) Net cash flow adequacy ratio =  $\frac{\text{Net cash flow from operating activities for the most recent five years}}{\text{(capital expenditures} + \text{inventory increase} + \text{cash dividend) for the most recent five years}}$ .

(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 cost and expenses)/operating profit (Note 6).

(2) Financial leverage=operating profit/ (operating profit-interest expenses).

### III. Audit Committee's Review Report for the Financial Report for the Most Recent Year

## Kuo Yang Construction Co., Ltd. Audit Committee's Review Report

The 2023 Financial Statements (Consolidated Financial Statements and Individual Financial Statements) 、 Business Report and Earnings Distribution Statement. prepared by the Company's Board of Directors. The Financial Statements were audited by PricewaterhouseCoopers, Taiwan which issued an Audit Report. The aforementioned Financial Statements 、 Business Report and Earnings Distribution Statement were reviewed by the Audit Committee which found them to be compliant with regulations. The Committee therefore issued the Audit Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Respectfully submitted to

The shareholders' meeting of 2024

Audit Committee Acting Convener: Li-Yen Yang

March 13, 2024

## **IV. Financial statements of the most recent year**

Independent Auditor's Report

(2024) Cai-Shen-Bao-Zi No. 23004685

To Kuo Yang Construction Co., Ltd.:

### **Audit Opinions**

The Consolidated Balance Sheet of Kuo Yang Construction Co., Ltd. and subsidiaries (hereinafter referred to as Kuo Yang Group) as of December 31, 2023 and 2022, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Cash Flow Statement, and Notes to the Consolidated Financial Statements (including a summary of material accounting policies) from January 1 to December 31, 2023 and 2022 have been audited by the CPA.

In our opinion, based on the results of the CPA's audit and the audit reports of other CPAs (refer to Other Supplementary Matters), the aforementioned Consolidated Financial Statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and explanations/interpretations approved and promulgated to be effective by FSC in all material respects and are therefore sufficient in presenting the consolidated financial conditions of the Kuo Yang Group as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2023 and 2022.

### **Basis of Audit Opinions**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Accounting (TWSA). Our responsibility based on these standards will be explained in greater detail in the section on our responsibilities for the review of the Consolidated Financial Statements. The personnel of the CPA firm who are governed by regulations on independence have acted according to the ROC CPA Code of Professional Ethics and remained independent of Kuo Yang Group when fulfilling other obligations set forth in 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**

The key audit matters pertain to the most important items of Kuo Yang Group's 2023 Consolidated Financial Statements as per the professional judgment of the CPA. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Consolidated Financial Statements of Kuo Yang Group for 2023 are as follows:

### **Appropriateness of the period in which income from the sales of houses and land is recognized**

#### Description

Refer to Note 4 (29) in the Consolidated Financial Statements for accounting policies on operating revenue from construction. Refer to Note 6 (18) of the Consolidated Financial Report for description of accounting items.

The revenue from the sales of houses and land in the construction business is recognized when the ownership of the real estate is transferred and the property handover certificate is delivered to the customer. As the houses and land of a construction business are sold to many customers, the CPA is required to review all information on the transfer of ownership before recognizing sales revenue. The process generally involves a high amount of manual labor to determine the accuracy of the timing for recognizing sales revenue. Therefore, the CPA regarded the appropriateness of the period in which income from the sales of houses and land is recognized as one of the most important items in the audit.

#### Corresponding auditing procedures

The CPA has compiled the following corresponding procedures that were executed for the specific levels described in the aforementioned key audit matters:

- We interviewed the management level to understand and review the procedures for recognizing sales revenue from the sales of houses and land and verify whether the procedures have been consistently adopted in the period of the Financial Statements.
- We assessed and tested the appropriateness of the period in which income from the sales of houses and land is recognized by the management within a certain period after the end of the period, including the information on the transfer of ownership of the land and houses and related dates to verify the accuracy of the timing for recognizing sales revenue.

### **Other matters - Reference to audits of other CPAs**

We did not audit certain investments accounted for through the equity method in the financial statements of Kuo Yang Group for 2023 and 2022. Those financial statements were audited by other CPAs. As such, our opinions in the aforementioned Consolidated Financial Statements on the amounts included in the aforementioned financial statements and related information disclosed in Note 13 were based on audit reports of other CPAs. The investment on equity method totaling NT\$1,234,734 thousand and NT\$986,405 thousand as of December 31, 2023 and 2022 accounted for 6.66% and 5.88% of the total assets, respectively. The comprehensive income recognized for 2023 and 2022 was NT\$348,379 thousand and NT\$142,204 thousand, which accounted for 58.97% and 50.76% of the total comprehensive income for the period, respectively.



## **Other matters - Individual Financial Statements**

Kuo Yang Construction Co., Ltd. has prepared Individual Financial Statements for 2023 and 2022, for which we have issued an audit report containing an unqualified opinion plus other matters for reference.

## **Responsibilities of the management and the governing bodies for the Consolidated Financial Statements**

The responsibility of the management was to prepare the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, and explanations/interpretations approved and promulgated to be effective by FSC to properly indicate the company's financial status and to maintain necessary internal control with regard to establishment of consolidated financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When the Consolidated Financial Statements were in the process of preparation, the responsibility of the management also included assessment of the capacity of Kuo Yang Group to continue operation, disclosure of related matters and the accounting approaches to be adopted when the company continued to operate unless the management intended to liquidate or suspend the business of Kuo Yang Group if there was not any other option except liquidation or suspension of the company's business.

The governance units (including the Audit Committee) of Kuo Yang Group are responsible for overseeing the financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with the Standards on Auditing (TWSA) cannot guarantee detection of significant misrepresentations in the Consolidated Financial Statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

When conducting the auditing work according to the Standards on Accounting (TWSA), we exercised our professional judgment and professional skepticism. We also execute the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Consolidated Financial Statements; Designed and carried out appropriate countermeasures for the evaluated risks; Obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud are greater than those caused by errors.
2. Acquired necessary understanding about internal control which matters to audit and provide appropriate audit procedure under such circumstances. However, the purpose of such understanding is not for providing any opinion on the effectiveness of internal control of Kuo Yang Group.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Kuo Yang Group's ability to continue as a going concern. If we consider that material uncertainty exists in these matters or conditions, we are required to remind the users of the Consolidated Financial Statements to pay attention to relevant disclosure in the statements in their audit report, or revise the audit opinions when such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Kuo Yang Group to cease to continue as a going concern.
5. Evaluated the overall expression, structure and content of the Consolidated Financial Statements (including related notes) and if these statements present fairly the related transactions and events.
6. Obtained sufficient and appropriate proof for audit on the finances of the individual entities in Kuo Yang Group to state our opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the consolidated audit. We remain solely responsible for the audit opinions of the Consolidated Financial Statements.

The CPAs' communications with the governance units include the planned scope and period of the audit and material finding in the audit (including significant defects identified in the internal control during auditing procedures).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and communicated with them about the all relations and other matters (including related preventive measures) that could affect the independence of the CPA.

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

PricewaterhouseCoopers Taiwan

Chun-Yuan Hsiao

CPA

Fang-Yu Wang

Former Securities and Futures Bureau, Financial  
Supervisory Commission

No. of Approval Document: Jin-Guan-Zheng-6 No.  
0960042326

Financial Supervisory Commission

No. of Approval Document: Jin-Guan-Zheng-Shen No.  
1030027246

March 13, 2024

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Consolidated Balance Sheet  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Assets	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 2,117,455	11	\$ 2,221,552	13
1110	Current financial assets at fair value through profit or loss	6 (2)	17,365	-	16,964	-
1120	Current financial assets at fair value through other comprehensive income	6 (3)	310,777	2	433,514	3
1140	Contract assets - current	6 (18)	39,006	-	18,434	-
1150	Notes receivable, net	6 (4)	116,389	1	79,058	-
1170	Accounts receivable, net	6 (4) and 7	53,882	-	22,130	-
1200	Other receivables	7	15,394	-	21,248	-
1220	Current income tax assets		1,148	-	376	-
130X	Inventories	6 (5) (6) and 8	12,767,060	69	11,659,894	70
1410	Prepayments		118,771	1	91,258	1
1476	Other Financial Assets - Current	8	333,559	2	37,347	-
1479	Other current assets - other		262,987	1	39,847	-
11XX	<b>Total current assets</b>		<u>16,153,793</u>	<u>87</u>	<u>14,641,622</u>	<u>87</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6 (3) and 7	566,373	3	504,966	3
1550	Investments recognized under the equity method	6 (7) and 7	1,235,302	7	987,423	6
1600	Property, plant and equipment	6 (8) and 8	81,671	-	73,731	-
1755	Right-of-use assets	6 (9)	27,762	-	40,053	-
1760	Investment properties, net	6 (10) and 8	251,254	1	252,641	2
1840	Deferred income tax assets		109	-	439	-
1920	Refundable deposits	7	109,826	1	104,859	1
1980	Other Financial Assets - Non Current	8	99,335	1	89,455	1
1990	Other non-current assets - other		23,274	-	80,948	-
15XX	<b>Total non-current assets</b>		<u>2,394,906</u>	<u>13</u>	<u>2,134,515</u>	<u>13</u>
1XXX	<b>Total assets</b>		<u>\$ 18,548,699</u>	<u>100</u>	<u>\$ 16,776,137</u>	<u>100</u>

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Consolidated Balance Sheet  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6 (11)	\$ 6,605,327	36	\$ 5,465,517	33
2110	Short-term notes and bills payable	6 (12)	-	-	527,672	3
2130	Contract liabilities - current	6 (18)	1,090,893	6	208,411	1
2150	Notes payable		244,314	1	73,925	1
2170	Accounts payable		127,524	1	224,527	1
2219	Other payables - other	7	133,910	1	471,703	3
2230	Current income tax liabilities		25,240	-	72,091	1
2280	Lease liabilities - current		22,403	-	22,151	-
2399	Other current liabilities - other		81,564	-	71,395	-
21XX	<b>Total current liabilities</b>		<u>8,331,175</u>	<u>45</u>	<u>7,137,392</u>	<u>43</u>
<b>Non-current liabilities</b>						
2580	Lease liabilities - non-current		1,216	-	21,707	-
2645	Deposits received	7	2,021	-	2,312	-
2670	Other non-current liabilities - other		9,051	-	1,247	-
25XX	<b>Total non-current liabilities</b>		<u>12,288</u>	<u>-</u>	<u>25,266</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>8,343,463</u>	<u>45</u>	<u>7,162,658</u>	<u>43</u>
<b>Equity</b>						
<b>Equity attributable to owners of parent company</b>						
Share capital						
3110	Capital stock - common	6 (14)	3,800,000	20	3,800,000	23
Capital surplus						
3200	Capital surplus	6 (15)	627,683	3	627,683	4
Retained earnings						
3310	Legal reserve	6 (16)	1,040,789	6	999,950	6
3320	Special reserve		138,232	1	10,017	-
3350	Undistributed earnings		4,340,439	23	4,210,159	25
Other equity						
3400	Other equity	6 (17)	152,533	1	(138,232)	(1)
31XX	<b>Total equity attributable to owners of parent company</b>		<u>10,099,676</u>	<u>54</u>	<u>9,509,577</u>	<u>57</u>
36XX	<b>Non-controlling interest</b>		<u>105,560</u>	<u>1</u>	<u>103,902</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>10,205,236</u>	<u>55</u>	<u>9,613,479</u>	<u>57</u>
Significant contingent liabilities and unrecognized contractual commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 18,548,699</u>	<u>100</u>	<u>\$ 16,776,137</u>	<u>100</u>

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand  
(except earnings per share which is expressed in NT\$)

	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	6 (18) and 7	\$ 735,459	100	\$ 3,954,516	100
5000	Operating costs	6 (15) (23) (24)	( 443,914 )	( 61 )	( 3,169,639 )	( 80 )
5900	Operating profit		<u>291,545</u>	<u>39</u>	<u>784,877</u>	<u>20</u>
	Operating expenses	6 (23) (24)				
6100	Promotion expenses		( 37,818 )	( 5 )	( 176,846 )	( 5 )
6200	Administrative expenses		( 242,992 )	( 33 )	( 328,814 )	( 8 )
6000	Total operating expenses		( 280,810 )	( 38 )	( 505,660 )	( 13 )
6900	Operating profit		<u>10,735</u>	<u>1</u>	<u>279,217</u>	<u>7</u>
	Non-operating income and expenses					
7100	Interest income	6 (19)	13,479	2	6,056	-
7010	Other income	6 (20)	101,182	14	113,713	3
7020	Other profits and losses	6 (21)	( 9,101 )	( 1 )	( 9,287 )	-
7050	Finance costs	6 (22)	( 19,753 )	( 3 )	( 30,519 )	( 1 )
7060	Share of profit or loss of affiliates and joint ventures recognized under the equity method	6 (7)	<u>237,169</u>	<u>32</u>	<u>194,219</u>	<u>5</u>
7000	Total non-operating income and expenses		<u>322,976</u>	<u>44</u>	<u>274,182</u>	<u>7</u>
7900	<b>Pre-tax profit</b>		<u>333,711</u>	<u>45</u>	<u>553,399</u>	<u>14</u>
7950	Income tax expenses	6 (25)	( 28,835 )	( 4 )	( 67,481 )	( 2 )
8200	<b>Net profit of the term</b>		<u>\$ 304,876</u>	<u>41</u>	<u>\$ 485,918</u>	<u>12</u>

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand  
(except earnings per share which is expressed in NT\$)

Item	Notes	2023		2022	
		Amount	%	Amount	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311		\$ 781	-	\$ -	-
8316	6 (17)	285,073	39	(206,045)	(5)
8310		285,854	39	(206,045)	(5)
<b>Components that may be reclassified to profit or loss</b>					
8361		14	-	283	-
8370		33	-	9	-
8360	6 (17)	47	-	292	-
8300		\$ 285,901	39	(\$ 205,753)	(5)
8500		\$ 590,777	80	\$ 280,165	7
Net profit (loss) attributable to:					
8610		\$ 304,198	41	\$ 485,928	12
8620		678	-	(10)	-
		\$ 304,876	41	\$ 485,918	12
Total comprehensive income attributable to:					
8710		\$ 590,099	80	\$ 280,175	7
8720		678	-	(10)	-
		\$ 590,777	80	\$ 280,165	7
EPS					
9750	6 (26)	\$ 0.80		\$ 1.28	
9850		\$ 0.80		\$ 1.28	

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Equity attributable to owners of parent company										
	Notes	Retained earnings					Other equity			Non-controlling interest	Total equity
		Capital stock - common	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total		
<u>2022</u>											
Balance as of January 1, 2022		\$ 3,800,000	\$ 627,683	\$ 988,010	\$ -	\$ 3,823,726	\$ 22,034	( \$ 32,051)	\$ 9,229,402	\$ 33,912	\$ 9,263,314
Net profit of the term		-	-	-	-	485,928	-	-	485,928	( 10)	485,918
Other comprehensive income for the period	6 (17)	-	-	-	-	-	292	( 206,045)	( 205,753)	-	( 205,753)
Total comprehensive income		-	-	-	-	485,928	292	( 206,045)	280,175	( 10)	280,165
Earnings appropriation and distribution:	6 (16)										
Allocation to legal reserve		-	-	11,940	-	( 11,940)	-	-	-	-	-
Provision for special surplus reserve		-	-	-	10,017	( 10,017)	-	-	-	-	-
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	6 (17)	-	-	-	-	( 77,538)	-	77,538	-	-	-
Changes in non-controlling interests for the period		-	-	-	-	-	-	-	-	70,000	70,000
Balance as of December 31, 2022		<u>\$ 3,800,000</u>	<u>\$ 627,683</u>	<u>\$ 999,950</u>	<u>\$ 10,017</u>	<u>\$ 4,210,159</u>	<u>\$ 22,326</u>	<u>( \$ 160,558)</u>	<u>\$ 9,509,577</u>	<u>\$ 103,902</u>	<u>\$ 9,613,479</u>
<u>2023</u>											
Balance as of January 1, 2023		\$ 3,800,000	\$ 627,683	\$ 999,950	\$ 10,017	\$ 4,210,159	\$ 22,326	( \$ 160,558)	\$ 9,509,577	\$ 103,902	\$ 9,613,479
Net profit of the term		-	-	-	-	304,198	-	-	304,198	678	304,876
Other comprehensive income for the period	6 (17)	-	-	-	-	781	47	285,073	285,901	-	285,901
Total comprehensive income		-	-	-	-	304,979	47	285,073	590,099	678	590,777
Earnings appropriation and distribution:	6 (16)										
Allocation to legal reserve		-	-	40,839	-	( 40,839)	-	-	-	-	-
Provision for special surplus reserve		-	-	-	128,215	( 128,215)	-	-	-	-	-
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	6 (17)	-	-	-	-	( 5,645)	-	5,645	-	-	-
Changes in non-controlling interests for the period		-	-	-	-	-	-	-	-	980	980
Balance as of December 31, 2023		<u>\$ 3,800,000</u>	<u>\$ 627,683</u>	<u>\$ 1,040,789</u>	<u>\$ 138,232</u>	<u>\$ 4,340,439</u>	<u>\$ 22,373</u>	<u>\$ 130,160</u>	<u>\$ 10,099,676</u>	<u>\$ 105,560</u>	<u>\$ 10,205,236</u>

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang



Kuo Yang Construction Co., Ltd. and Subsidiaries  
Consolidated Cash Flow Statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Notes	2023	2022
<u>Cash Flows from Operating Activities</u>			
Net profit before tax of the current period		\$ 333,711	\$ 553,399
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6 (23)	31,763	29,924
Amortization cost	6 (23)	661	542
Interest expenses	6 (22)	19,753	30,519
Interest income	6 (19)	( 13,479)	( 6,056)
Share of profit (loss) of affiliates and joint ventures recognized under the equity method	6 (7)	( 237,169)	( 194,219)
Dividend income	6 (20)	( 37,127)	( 75,629)
Losses on financial assets at fair value through profit or loss	6 (21)	( 401)	3,460
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		( 20,572)	( 18,434)
Notes receivable, net		( 37,331)	( 8,440)
Accounts receivable, net		( 31,752)	432,365
Other receivables		5,854	283,958
Inventories		( 960,838)	( 912,280)
Prepayments		( 33,212)	126,748
Other current assets		( 223,140)	34,098
Intangible assets		( 625)	-
Other non-current assets		57,638	18,231
Changes in operating liabilities			
Contract liabilities		882,482	( 790,036)
Notes payable		170,389	( 171,423)
Accounts payable		( 97,003)	( 169,810)
Other payables		( 345,845)	220,595
Other current liabilities		10,169	( 24,689)
Cash outflow from operations		( 526,074)	( 637,177)
Interest received		13,479	6,056
Interest paid		( 157,124)	( 122,789)
Income tax paid		( 76,099)	( 188,495)
Dividends received		137,177	202,251
Net cash outflow from operating activities		( 608,641)	740,154

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Consolidated Cash Flow Statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Notes	2023	2022
<u>Cash Flows from Investing Activities</u>			
Acquisition of current financial assets at fair value through other comprehensive income		(\$ 406,896)	(\$ 507,851)
Disposal of current financial assets at fair value through other comprehensive income		643,355	645,796
Acquisition of non-current financial assets at fair value through other comprehensive income	7	-	( 59,548)
Increase of other financial assets		( 306,092)	( 66,135)
Increase in refundable deposits		( 63,784)	( 225,262)
Decrease in refundable deposits		58,817	284,405
Acquisition of property, plant and equipment	6 (8)	( 10,459)	( 1,967)
Net cash inflow (outflow) from investing activities		( 85,059)	( 69,438)
<u>Cash Flows from Financing Activities</u>			
Increase in short-term loans	6 (27)	2,372,380	4,259,650
Decrease in short-term borrowings	6 (27)	( 1,232,570)	( 3,465,484)
Increase in short-term bills payable	6 (27)	871,555	3,161,310
Decreases in short-term notes payable	6 (27)	( 1,400,055)	( 3,771,900)
Increase in guarantee deposits received	6 (27)	4	961
Decrease in guarantee deposits received	6 (27)	( 295)	( 1,502)
Repayments of lease liabilities	6 (27)	( 22,378)	( 22,542)
Changes in non-controlling interests		980	70,000
Cash inflow generated from financing activities, net		589,621	230,493
Effect of exchange rate changes on cash and cash equivalents		( 18)	250
Decrease in cash and cash equivalents		( 104,097)	( 439,973)
Cash and cash equivalents at beginning of period		2,221,552	2,661,525
Cash and cash equivalents at end of period		\$ 2,117,455	\$ 2,221,552

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

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Notes to the Consolidated Financial Statements  
2023 and 2022

Unit: NT\$ thousand  
(Unless specified otherwise)

I. Company history

Kuo Yang Construction Co., Ltd. (hereinafter referred to as the "Company") was established in June 1972. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings. The Company has been listed on the Taiwan Stock Exchange since November 14, 1979.

II. Date and procedures of approval of the financial statements

The Consolidated Financial Report was released with the approval of the Board of Directors on March 13, 2024.

III. Application of new standards, amendments and interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards as endorsed and promulgated to be effective by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

New, revised, and amended standards, interpretations and amendments to the IFRS endorsed by the FSC and promulgated to be effective from 2023 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendment to IAS 1, "Accounting Policy Disclosure"	January 1, 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

(II) Effects of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New, revised, and amended standards, interpretations and amendments endorsed by the FSC effective from 2024 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, "Lease Liabilities in a Sale and Leaseback"	January 1, 2024
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 Finance Arrangements"	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

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

New, revised, and amended IFRSs and interpretations issued by IASB but not yet endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</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
Amendment to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendment to IAS 21 "Lack of Exchangeability"	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

IV. Summary of significant accounting policies

The material accounting policies applied in the preparation of the Consolidated Financial Report are summarized as follows: Except as stated otherwise, such policies have been consistently applied to all the periods presented.

(I) Statement of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations (collectively referred to as "IFRSs") endorsed and promulgated to be effective by the FSC.

(II) Basis of preparation

1. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
  - (1) Financial assets at fair value through profit or loss.
  - (2) Financial assets at fair value through other comprehensive income.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The items involving a higher degree of judgment or complexity, or items where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of financial statements
  - (1) All subsidiaries are included in the Group's consolidated financial statements. "Subsidiaries" are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (3) The profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, and total comprehensive income shall also be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
  - (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions (i.e., transactions among owners in their capacity as owners). Difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity.
  - (5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. The fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the affiliate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. The amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the Group directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Group loses control over this subsidiary, the profit and loss shall be transferred from equity and reclassified as profit or loss.

2. Subsidiaries included in the consolidated financial statements:

Name of investment company	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2023	December 31, 2022
The Company	Shadwell Limited.	Investment in real estate property	100%	100%
The Company	Shang Yang International Asset Management Co., Ltd.	Residence and buildings lease construction and development	100%	100%
The Company	Shen Yang Construction Co., Ltd. (Shen Yang Construction)	Residence and buildings lease construction and development	100%	100%
The Company	Star Epoch International Co., Ltd.	Residence and buildings lease construction and development	80%	80%
Shen Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	Horticulture services and afforestation	100%	100%
Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	Residence and buildings lease construction and development	80%	80%
Shang Yang International Asset Management Co., Ltd.	Pao Yue Landscape Co., Ltd. (Note)	Landscape and interior design	51%	-
Shang Yang International Asset Management Co., Ltd.	Century Rainbow Limited.	Professional investment	100%	100%
Century Rainbow Limited.	Celestial Talent Limited.	Professional investment	100%	100%
Century Rainbow Limited.	Charm Merit Limited.	Professional investment	100%	100%

Note: This is a new subsidiary founded in the second quarter of 2023.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different balance sheet dates: None.
5. Material limitation on the acquisition or use of assets and capacity for debt repayment: None.
6. Subsidiaries that have non-controlling interests that are material to the Group: None.

(IV) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (i.e., the "functional currency"). The Consolidated Financial Report is presented in NTD which is the Company's functional currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising

upon re-translation at the balance sheet date are recognized in profit or loss in the period in which they arise.

- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses" based on the nature of the transactions.

## 2. Translation of foreign operations

- (1) The operating results and financial position of all the Group's entities and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

## (V) Classification of current and non-current items

The Group engages in commissioned construction of buildings or plants for sale and contracting for construction projects with business cycles which are generally more than 1 year. Assets and liabilities related to the construction business are classified as current or non-current based on the business cycle. The standards for the classification of current and non-current accounts are as follows:

1. Assets that meet one of the following criteria are classified as current assets:
  - (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (2) Liabilities arising mainly from trading activities;
  - (3) Assets that are expected to be realized within twelve months from the balance sheet date; or
  - (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those

that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Assets not meeting the above criteria are classified by the Group as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
  - (1) Liabilities that are expected to be paid off within the normal operating cycle;
  - (2) Liabilities arising mainly from trading activities;
  - (3) Liabilities that are to be paid off within twelve months from the balance sheet date; or
  - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities not meeting the above criteria are classified by the Group as non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial assets at fair value through profit or loss

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using transaction date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. The Group recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

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

1. The Company may make irrevocable election at initial recognition to recognize the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive profit or loss are recognized and derecognized using transaction date accounting.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:  
The changes in fair value of equity instruments are recognized in other comprehensive



income. The cumulative gain or loss previously recognized in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. The Group recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(IX) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(X) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost at each balance sheet date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Company recognizes the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(XI) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XII) Lease transaction as a lessor

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XIII) Inventories

1. Inventories include construction land, houses and land under construction, and houses and land to be sold which are initially recorded at cost. Construction profit and loss is recognized based on the completed-contract method. Construction land is listed as houses and land under construction when they are under active development. The related interest expenses are capitalized in the period from active development or commencement of construction till the completion of construction.
2. Inventories at the end of the period is measured based on the cost and net realizable value, whichever is lower. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable expenses.

(XIV) Investments/affiliates recognized under the equity method

1. Affiliates are all entities over which the Group has significant influence but not control. In

general, it is presumed that an investor has significant influence if the investor holds, directly or indirectly, 20% or more of the voting rights of the investee. Investments in affiliates are accounted for through the equity method and are initially recognized at cost.

2. The Group's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an affiliate equals or exceeds its interest in the affiliate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the affiliate.
3. When changes in an affiliate's equity do not arise from profit or loss or other comprehensive income of the affiliate and such changes do not affect the Group's ownership percentage of the affiliate, the Group recognizes change in ownership interests in the affiliate in "capital surplus" in proportion to its ownership.
4. Unrealized gains on transactions between the Group and its affiliates are eliminated to the extent of the Group's interest in the affiliates. Unrealized losses are also eliminated unless evidence of an impairment of the asset transferred in the transaction is provided. Accounting policies of affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. When the Group disposes its investment in an affiliate and loses significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss, on the same basis as would be required if the Group directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Group loses material influence over this affiliate, the profit and loss shall be transferred from equity and reclassified as profit or loss. If it retains significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(XV) Joint operations

With regard to equity in joint operations, the Group recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Financial Report.

(XVI) Property, plant and equipment

1. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful life of real property is 50 years and the useful life of other assets is 3-5 years.

(XVII) Lease transaction as a lessee - right-of-use assets/lease liabilities

1. The Group recognizes lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease payments are recognized as expenses using the straight-line method during the lease term.
2. On the commencement date, the Group measures lease liabilities by the present value of outstanding lease payments, using the Group's incremental borrowing rate. Lease payments include

- (1) Fixed payments less any lease incentives receivable; and
- (2) Variable lease payments determined by changes in an index or rate.

In subsequent periods, the Company measures lease liabilities at amortized cost using the effective interest method and recognizes interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Company will remeasure the lease liabilities. The remeasurement amount is then recognized as an adjustment to the right-of-use assets.

3. Lease liabilities are recognized at cost on the starting date of the lease. The cost includes:
  - (1) the original measurement amount of the lease liabilities;
  - (2) any lease payments made on or before the commencement date;
  - (3) any original direct cost incurred; and
  - (4) Estimated cost for the dismantling and removal of the asset and the restoration of its location, or the estimated cost for the restoration of conditions specified in the lease criteria and conditions.

The right-of-use assets are subsequently measured by adopting the cost model. The Company depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(XVIII) Investment properties

An investment property is measured initially at its cost and subsequently measured under the cost approach. The depreciation is recognized on a straight-line basis over a useful life of 20 to 60 years.

(XIX) Intangible assets

Intangible assets include computer software which is recognized at acquisition cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(XX) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XXI) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXII) Accounts and notes payable

1. Accounts payable are the liabilities for purchases of raw materials, goods, or services, and notes payable generated from operations and those not generated from operations.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXIII) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, canceled, or expired.

(XXIV) Financial guarantee contracts

Financial guarantee contracts are contracts for which the Group must pay specific benefits to reimburse the holder of debt instruments for losses incurred when a specific debtor is unable to repay its debts upon maturity in accordance with the terms of the original or modified debt instrument. At initial recognition, the Group measures the financial guarantee contracts at fair value. The Group subsequently measures them based on the impairment provision for the expected credit losses and recognized cumulative earnings, whichever is higher.

(XXV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

2. Pension

Defined contribution plans

For defined contribution plans, the contributions shall be recognized as pension expenses

when they are due on an accrual basis. Prepaid contributions shall be recognized that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.

3. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' remuneration is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the Board of Directors' resolution.

(XXVI) Employee share-based payment

The date on which the Group notifies the employees of the shares retained for employee subscription in the cash capital increase, and the parties agree on the quantity and price of subscription shall be graded as the grant date.

(XXVII) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted as of the balance sheet date in the countries where the Group operates and generates taxable income. The tax is levied on the unappropriated retained earnings and is recorded as income tax expense for the year after the shareholders' meeting passes the earnings distribution proposal in the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred income tax is not accounted if it arises from initial recognition of an asset or liability in a transaction (excluding business mergers) that at the time of the transaction affects neither accounting nor taxable profit or loss, and do not generate corresponding taxes payable or deductible temporary difference. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and affiliates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVIII) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXIX) Revenue recognition

Land development and real property sales

1. The Group's main business activities are land development and real property sales. Revenue is recognized when the control of the real property is transferred to customers. For contracts for the sale of residential properties, the real property has no other use to the Group due to contract restrictions. However, the Group has an enforceable right to the contract payments only when the legal title or use of the real estate is transferred to the customer. Therefore, revenue is recognized when the legal title or use is transferred to the customer.
2. Some of the Group 's sales contracts include variable consideration for price reduction and the Group uses the expected or most probable amount as the appropriate estimated value for variable consideration.
3. The Group has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. According to IFRS 15, if the Group determines that there are material financial compositions in the individual contracts for pre-sales houses, it is required to adjust the pledged consideration and recognize interest expenses. IFRS 15 also states that companies should consider the materiality of financial components only at the level of the contract and not at the level of the portfolio when determining whether a financial loan is material.

Business services

The Group provides consultancy services for planning, construction, and sales of construction development projects, and executes relevant services accordingly. Labor services are recognized as revenue when providing services to customers during the financial reporting period. The customer is required to pay at the time specified in the payment schedule. A contract asset is recognized when the services provided exceed the payment, while a contract liability is recognized when the payments exceed the services provided by the Group.

(XXX) Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker, who is responsible for allocating resources to

operating segments and evaluating their performance.

V. Significant accounting judgments, estimates and main uncertainty assumptions

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Refer to the explanation on significant accounting judgments, estimates, and uncertainty assumptions below. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year,

(I) Critical judgments in applying accounting policies

None.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The management of the Group mainly uses past experience and estimates of future market sales value as the basis for estimation. Therefore, there may be significant changes.

The Group's inventory information as of December 31, 2023 is detailed in Note 6 (5).

VI. Details of significant accounts

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 4,845	\$ 6,420
Demand deposits	2,110,725	2,214,175
Cheque deposits	988	79
Cash equivalents - time deposits	897	878
	<u>\$ 2,117,455</u>	<u>\$ 2,221,552</u>

1. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Group's revenue from pre-sales placed in a trust account and performance bond is limited in use and the limitations are recognized in "Other financial assets - current" and "Other financial assets - non-current". Please refer to Note 8.

(II) Current financial assets at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Mandatory measurement of financial assets at fair value through profit or loss		
Beneficiary certificates	\$ 21,170	\$ 21,170
Valuation adjustment	( 3,805)	( 4,206)
	<u>\$ 17,365</u>	<u>\$ 16,964</u>

1. The Group recognized net gain (loss) of \$401 and (\$3,460) within financial assets at fair value through profit or loss for 2023 and 2022 based on the financial assets at fair value through profit or loss.
2. The Group has no financial assets at fair value through profit or loss pledged to others.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current items</u>		
Equity instruments		
Listed stocks	\$ 352,451	\$ 591,693
Valuation adjustment	( 41,674)	( 158,179)
	<u>\$ 310,777</u>	<u>\$ 433,514</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current items</u>		
Equity instruments		
Stocks no listed on the TWSE, TPEX, or emerging stocks	\$ 417,049	\$ 417,049
Valuation adjustment	149,324	87,917
	<u>\$ 566,373</u>	<u>\$ 504,966</u>

1. The Group opted to classify strategic investments and investments in equity instruments with stable dividend payments as financial assets at fair value through profit or loss. The fair value of such investments as of December 31, 2023 and 2022 were \$877,150 and \$938,480, respectively.
2. Amounts recognized in other comprehensive income in relation to the financial assets at fair value in income and other comprehensive income are listed below:

	<u>2023</u>	<u>2022</u>
<u>Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss</u>		
Fair value gain (loss) recognized in other comprehensive income	\$ 175,129	( \$ 154,042)
Cumulative gains (losses) converted to retained earnings due to derecognition	( \$ 2,783)	( \$ 59,346)



3. The Group has no financial assets at fair value through other comprehensive profit or loss pledged to others.

(IV) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 116,389	\$ 79,058
Accounts receivable	51,195	21,492
Accounts receivable due from related parties	2,687	638
	<u>\$ 170,271</u>	<u>\$ 101,188</u>

1. The Group has no notes and accounts receivable pledged to others.
2. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balance of the Group's accounts receivable (including notes receivable) were \$167,005, \$101,006, and \$524,836, respectively.
3. If the collaterals held or other credit enhancement tools are disregarded, the amount that best represents the Group's maximum exposure to credit risk for notes and accounts receivable as of December 31, 2023 and 2022, respectively, is the carrying amount of the notes and accounts receivable in each period.
4. Notes and accounts receivable are notes and accounts that are not past due or impaired.
5. Please refer to Note 12 (2) for relevant credit risk information.

(V) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Houses and land held for sale</u>		
Beautiful Tree Hall	\$ 910	\$ 910
Kuo Yan Project	1,019,057	1,047,546
Kuo Yang The Green Place Project (Ziwei, Ruhaku, Kanazawa)	306,625	635,300
South Manor Project (Wenshan Gongxun Section Project)	-	4,326
Smile Era Project (Qianzhen District Shengxing Section Project)	20,901	132,793
	<u>1,347,493</u>	<u>1,820,875</u>
Minus: Allowance for valuation losses	( 197,862)	( 258,175)
	<u>1,149,631</u>	<u>1,562,700</u>
<u>Houses and land under construction</u>		
Kuo Yang The Green Place Project (The Green World)	202,114	33,246
Good morning, Kuo Yang Phase 2 (Keelung Tiaohe Section Project)	334,135	327,135
Kuo Yang Intercontinental Project (formerly Neihu Jiuzong Project)	2,208,553	1,913,082
Kuo Yang Jilin Project (formerly Jilin Urban Renewal Project)	462,841	179,595
Shin Tokyo City (formerly Fengshan Shengli Project)	903,695	684,118
Kuo Yang Digital Project (formerly Sanchong Project)	1,435,049	-
Kaohsiung Gushan Project	1,484,370	-
	<u>7,030,757</u>	<u>3,137,176</u>
<u>Land for construction and others</u>		
Zhudong Project	251,872	251,872
Minquan East Road Project	273,821	273,821
Jingmei Section	40,174	40,174
Kaohsiung Yunwen Section	108,170	108,170
Tucheng Project	1,333,834	1,240,546
Kuo Yang Digital Project (formerly Sanchong Project)	-	1,242,518
Kaohsiung Gushan Project	-	1,429,195
Guowang Xiwan Road Project	1,127,733	1,006,094
Kaohsiung Qianjin District Minsheng Project	289,688	285,400
Ascent Yuanchuang Project (formerly Zhonghe Plant and Office Project)	530,750	510,863
Xindian Baoyuan Project	286,684	277,584
Kaohsiung Special Trade Zone 3 Project	55,554	14,443
Other	105,286	96,232
	<u>4,403,566</u>	<u>6,776,912</u>
Minus: Allowance for valuation losses	( 170,970)	( 170,970)
	<u>4,232,596</u>	<u>6,605,942</u>
<u>Prepayments for houses and land and others</u>		
Kuo Yang The Green Place Project (The Green World)	354,076	354,076
	<u>\$ 12,767,060</u>	<u>\$ 11,659,894</u>

1. The Group recognized cost of inventories as expenses totaling \$442,765 and \$3,168,490 in 2023 and 2022, respectively. They included the gains on reversal recognized as a result of the recovery in net realizable value totaling \$60,313 and \$295,409, mostly attributable to the net realizable value rising as a result of the sales of certain inventories with a net realizable value lower than their costs.
2. In 2023 and 2022, the amount of inventory interest capitalization was \$146,328 and \$89,366, respectively. The interest capitalization rates ranged from 2.29% to 3.00% and 1.78% to 3.00%, respectively.
3. Please refer to Note 8 for detailed information on the Group's use of inventory as collateral.

(VI) Joint operations

1. The Group operates certain development projects through joint operations. With regard to equity in joint operations, the Group recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Consolidated Financial Report.
2. The information on the joint operations held by the Group is as follows:

<u>Project name</u>	<u>Percentage held</u>	<u>Landowner or joint builder</u>	<u>Description</u>
Kuo Yang The Green Place Project	65%	Five companies including Wei Li International Development Co., Ltd.	Annan District, Tainan City
Smile Era Project	70%	Southern Region Branch, National Property Administration, Ministry of Finance, Shen Yang Construction Co., Ltd., Han Lin Development Co., Ltd.	Qianzhen District, Kaohsiung City
Good morning, Kuo Yang Project	55%	Chi Hsuan Development Co., Ltd., Tsang Shan Development Co., Ltd.	Zhongzheng District, Keelung City
Kuo Yang Intercontinental Project (Formerly Neihu Jiuzong Project)	50%	Five companies including Wei Li International Development Co., Ltd.	Neihu District, Taipei City
Tucheng Project	50%	Four companies including Wei Li International Development Co., Ltd.	Tucheng District, New Taipei City
Kuo Yang Digital Project (Formerly Sanchong Project)	50%	Four companies including Wei Li International Development Co., Ltd.	Sanchong District, New Taipei City
Shin Tokyo City (formerly Kaohsiung Fengshan Project)	50%	Tsang Hsin Construction Co., Ltd., Shen Yang Construction Co., Ltd.	Fengshan District, Kaohsiung
Kaohsiung Gushan Project	50%	Six companies including Wei Li International Development Co., Ltd.	Gushan District, Kaohsiung
Guowang Xiwan Road Project	50%	Four companies including Wei Li International Development Co., Ltd.	Xizhi District, New Taipei City
Ascent Yuanchuang Project (formerly	40%	Three companies including Wei Li International Development Co.,	Zhonghe District, New Taipei City

Zhonghe Plant and Office Project) Huangpu New Village Project	50%	Ltd. Radeq Enterprise Co., Ltd.	Songshan District, Taipei City
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2. The information on the shares of joint operations held by the Group is compiled as follows:

December 31, 2023				
<u>Balance Sheet</u>	Kuo Yang Intercontinental Project	Smile Era Project	The Green Place Project	Other construction projects
Current assets				
Inventories	\$ 2,208,553	\$ 20,901	\$ 862,815	\$ 7,076,503
Other current assets	50,997	107,438	424,070	971,023
	<u>2,259,550</u>	<u>128,339</u>	<u>1,286,885</u>	<u>8,047,526</u>
Non-current assets	-	35,113	23,791	18,642
Total assets	<u>\$ 2,259,550</u>	<u>\$ 163,452</u>	<u>\$ 1,310,676</u>	<u>\$ 8,066,168</u>
Current liabilities				
Short-term borrowings	\$ 1,351,858	\$ -	\$ -	\$ 4,285,319
Short-term notes and bills payable	-	-	-	-
Contract liabilities	21,098	-	144,197	740,901
Other current liabilities	286,496	7,221	44,615	78,353
	<u>1,659,452</u>	<u>7,221</u>	<u>188,812</u>	<u>5,104,573</u>
Non-current liabilities	-	-	-	430
Total liabilities	<u>\$ 1,659,452</u>	<u>\$ 7,221</u>	<u>\$ 188,812</u>	<u>\$ 5,105,003</u>
<u>Statement of Comprehensive Income</u>				
Revenue	\$ -	\$ 153,541	\$ 462,140	\$ 20,194
Cost	\$ -	\$ 115,742	\$ 343,612	\$ 17,973
Fees	\$ 1,290	\$ 11,541	\$ 22,351	\$ 6,315
December 31, 2022				
<u>Balance Sheet</u>	Kuo Yang Intercontinental Project	Smile Era Project	The Green Place Project	Other construction projects
Current assets				
Inventories	\$ 1,913,082	\$ 132,793	\$ 1,022,622	\$ 6,406,984
Other current assets	47,661	133,818	356,640	419,079
	<u>1,960,743</u>	<u>266,611</u>	<u>1,379,262</u>	<u>6,826,063</u>
Non-current assets	99	33,283	23,811	23,803
Total assets	<u>\$ 1,960,842</u>	<u>\$ 299,894</u>	<u>\$ 1,403,073</u>	<u>\$ 6,849,866</u>
Current liabilities				
Short-term borrowings	\$ 1,305,890	\$ -	\$ 53,430	\$ 3,958,757
Short-term notes and bills payable	-	-	186,953	-
Contract liabilities	-	68,979	11,228	98,694
Other current liabilities	84,624	36,365	57,835	119,196
	<u>1,390,514</u>	<u>105,344</u>	<u>309,446</u>	<u>4,176,647</u>
Non-current liabilities	-	-	-	721
Total liabilities	<u>\$ 1,390,514</u>	<u>\$ 105,344</u>	<u>\$ 309,446</u>	<u>\$ 4,177,368</u>
<u>Statement of Comprehensive Income</u>				
Revenue	\$ 1,429	\$ 852,754	\$ 703,195	\$ 1,930,017
Cost	\$ -	\$ 685,566	\$ 598,106	\$ 1,740,309
Fees	\$ 1,277	\$ 53,101	\$ 39,603	\$ 61,838

(VII) Investments recognized under the equity method

	December 31, 2023	December 31, 2022	Shareholding ratio
Hanshin Shopping Plaza Co., Ltd.	\$ 1,187,647	\$ 940,755	20%
Sweet Me Hot Spring Resort Co., Ltd.	12,571	11,212	20%
Good Fame Limited	568	1,018	40%
Chi Yang Construction Co., Ltd.	34,516	34,438	45%
	<u>\$ 1,235,302</u>	<u>\$ 987,423</u>	

1. Please refer to Note 13 (2) basic information on the Group's affiliates.
2. The carrying amounts of the Group's individual insignificant affiliates as of December 31, 2023 and 2022 are shown in the table above, and the results of operations are as follows:

	2023	2022
Net (loss) gain from continuing operations for the period	\$ 237,169	\$ 194,219
Other comprehensive income (net income after tax)	110,758	( 51,995)
Total comprehensive income for the period	<u>\$ 347,927</u>	<u>\$ 142,224</u>

3. The Group's aforementioned investment targets have no public quotations on the market. The share of profit/loss on equity-accounted affiliated companies in 2023 and 2022 was evaluated and disclosed based on the audited financial statements of each investee company for the same periods.

(VIII) Property, plant and equipment

	2023				
	Land	Buildings and structures	Leasehold improvements	Other	Total
January 1 Cost	\$ 40,906	\$ 31,040	\$ 36,332	\$ 12,771	\$ 121,049
Accumulated depreciation and impairment	( 4,699)	( 13,798)	( 18,116)	( 10,705)	( 47,318)
	<u>\$ 36,207</u>	<u>\$ 17,242</u>	<u>\$ 18,216</u>	<u>\$ 2,066</u>	<u>\$ 73,731</u>
January 1 Addition	\$ 36,207	\$ 17,242	\$ 18,216	\$ 2,066	\$ 73,731
Transfer	-	7,685	-	2,774	10,459
Depreciation	-	5,699	-	-	5,699
December 31	-	( 1,149)	( 6,089)	( 980)	( 8,218)
	<u>\$ 36,207</u>	<u>\$ 29,477</u>	<u>\$ 12,127</u>	<u>\$ 3,860</u>	<u>\$ 81,671</u>
December 31 Cost	\$ 40,906	\$ 40,273	\$ 36,332	\$ 15,245	\$ 132,756
Accumulated depreciation and impairment	( 4,699)	( 10,796)	( 24,205)	( 11,385)	( 51,085)
	<u>\$ 36,207</u>	<u>\$ 29,477</u>	<u>\$ 12,127</u>	<u>\$ 3,860</u>	<u>\$ 81,671</u>

	2022				
	Land	Buildings and structures	Leasehold improvements	Other	Total
January 1					
Cost	\$ 40,906	\$ 31,040	\$ 36,332	\$ 10,804	\$ 119,082
Accumulated depreciation and impairment	( 4,699)	( 13,228)	( 12,028)	( 10,185)	( 40,140)
	<u>\$ 36,207</u>	<u>\$ 17,812</u>	<u>\$ 24,304</u>	<u>\$ 619</u>	<u>\$ 78,942</u>
January 1	\$ 36,207	\$ 17,812	\$ 24,304	\$ 619	\$ 78,942
Addition	-	-	-	1,967	1,967
Depreciation	-	( 570)	( 6,088)	( 520)	( 7,178)
December 31	<u>\$ 36,207</u>	<u>\$ 17,242</u>	<u>\$ 18,216</u>	<u>\$ 2,066</u>	<u>\$ 73,731</u>
December 31					
Cost	\$ 40,906	\$ 31,040	\$ 36,332	\$ 12,771	\$ 121,049
Accumulated depreciation and impairment	( 4,699)	( 13,798)	( 18,116)	( 10,705)	( 47,318)
	<u>\$ 36,207</u>	<u>\$ 17,242</u>	<u>\$ 18,216</u>	<u>\$ 2,066</u>	<u>\$ 73,731</u>

Please refer to Note 8 for detailed information on the Group's use of property, plant and equipment as collateral.

(IX) Lease transaction - lessee

1. The assets leased by the Group include buildings and office equipment and the lease term is generally between 1 and 6 years. The lease contracts are negotiated individually and contain various terms and conditions without other restrictions except for the leased assets restricted to pledge to others.
2. The information of the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	2023		
	Real estate rental and leasing	Transportation equipment	Total
<u>January 1, 2023</u>			
Cost	\$ 125,118	\$ -	\$ 125,118
Accumulated depreciation	( 85,065)	-	( 85,065)
	<u>\$ 40,053</u>	<u>\$ -</u>	<u>\$ 40,053</u>
January 1	\$ 40,053	\$ -	\$ 40,053
New addition/lease modification	7,728	2,139	9,867
Depreciation	( 21,920)	( 238)	( 22,158)
December 31	<u>\$ 25,861</u>	<u>\$ 1,901</u>	<u>\$ 27,762</u>
December 31			
Cost	\$ 132,846	\$ 2,139	\$ 134,985
Accumulated depreciation	( 106,985)	( 238)	( 107,223)
	<u>\$ 25,861</u>	<u>\$ 1,901</u>	<u>\$ 27,762</u>

	2022		
	Real estate rental and leasing	Transportation equipment	Total
<u>January 1, 2022</u>			
Cost	\$ 125,118	\$ -	\$ 125,118
Accumulated depreciation	( 63,706)	-	( 63,706)
	<u>\$ 61,412</u>	<u>\$ -</u>	<u>\$ 61,412</u>
January 1	\$ 61,412	\$ -	\$ 61,412
New addition/lease modification	-	-	-
Depreciation	( 21,359)	-	( 21,359)
December 31	<u>\$ 40,053</u>	<u>\$ -</u>	<u>\$ 40,053</u>
December 31			
Cost	\$ 125,118	\$ -	\$ 125,118
Accumulated depreciation	( 85,065)	-	( 85,065)
	<u>\$ 40,053</u>	<u>\$ -</u>	<u>\$ 40,053</u>

3. The information on the lease contract affecting profit or loss is as follows:

	2023	2022
<u>Items affecting current profit or loss</u>		
Interest expense from lease liabilities	\$ 689	\$ 1,136
Rent expense of short-term leases	10,095	9,452
Income from lease of right-of-use assets	-	269

4. The cash flows used in the lease payments of the Group in 2023 and 2022 amounted to \$33,162 and \$33,130, respectively.



(X) Investment properties

	2023		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	( <u>28,643</u> )	( <u>29,271</u> )	( <u>57,914</u> )
	<u>\$ 226,988</u>	<u>\$ 25,653</u>	<u>\$ 252,641</u>
January 1	\$ 226,988	\$ 25,653	\$ 252,641
Depreciation	-	( <u>1,387</u> )	( <u>1,387</u> )
December 31	<u>\$ 226,988</u>	<u>\$ 24,266</u>	<u>\$ 251,254</u>
December 31			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	( <u>28,643</u> )	( <u>30,658</u> )	( <u>59,301</u> )
	<u>\$ 226,988</u>	<u>\$ 24,266</u>	<u>\$ 251,254</u>
	2022		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	( <u>28,643</u> )	( <u>27,884</u> )	( <u>56,527</u> )
	<u>\$ 226,988</u>	<u>\$ 27,040</u>	<u>\$ 254,028</u>
January 1	\$ 226,988	\$ 27,040	\$ 254,028
Depreciation	-	( <u>1,387</u> )	( <u>1,387</u> )
December 31	<u>\$ 226,988</u>	<u>\$ 25,653</u>	<u>\$ 252,641</u>
December 31			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	( <u>28,643</u> )	( <u>29,271</u> )	( <u>57,914</u> )
	<u>\$ 226,988</u>	<u>\$ 25,653</u>	<u>\$ 252,641</u>

1. The Company's subsidiary Shang Yang International Asset Management Co., Ltd. purchased land and ancillary buildings on land with the plot number 3961 on Dongzhu Section, Fuli Township, Hualien County. The land is a site designated for forestry in a slopeland conservation area. The Company registered the aforementioned land and ancillary buildings under the name of Ms. Lin and signed a trust contract to ensure security.

2. Rent income and direct operating expenses from investment properties:

	<u>2023</u>	<u>2022</u>
Rent income from investment properties	<u>\$ 3,555</u>	<u>\$ 2,948</u>
Direct operating expenses incurred by investment properties that generate rent income in the current period	<u>(\$ 1,626)</u>	<u>(\$ 1,632)</u>
Direct operating expenses incurred by investment properties that did not generate rent income in the current period	<u>(\$ 244)</u>	<u>(\$ 244)</u>

3. The fair value of the investment properties held by the Group as of December 31, 2023 and 2022 was \$432,193 and \$427,650, respectively. They were determined based on the appraisal report prepared by external appraisal experts and comparisons with recent transaction prices of similar targets in the area of the investment properties. The fair value is determined based on property rights, regional factors, individual factors, current conditions of the real estate market, and the subject of the survey, and is evaluated based on the comparison approach and the income approach, which are level 2 and level 3 fair values, respectively.

4. Please refer to Note 8 for detailed information on the Group's use of investment properties as collateral.

(XI) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	\$ 6,494,027	2.35%~2.76%	Please refer to Note 8
Credit loans	<u>111,300</u>	2.69%	None
	<u>\$ 6,605,327</u>		
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	\$ 5,465,517	2.29%~2.89%	Please refer to Note 8
Credit loans	<u>-</u>	-	None
	<u>\$ 5,465,517</u>		

(XII) Short-term notes and bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial papers payable	\$ -	\$ 528,500
Minus: Discounted short-term notes and bills payable	-	( 828)
Net amount	<u>\$ -</u>	<u>\$ 527,672</u>
Interest rate range	<u>\$ -</u>	<u>1.30%~1.66%</u>

(XIII) Pension

Effective July 1, 2005, the Company and domestic subsidiaries have established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance for employees who opt for the pension system in the "Labor Pension Act". The contribution plan accrues dividends from an employee's individual account and is paid monthly or in lump sum upon retirement of an employee. The pension costs recognized by the Group in accordance with the above pension plan were \$3,874 and \$3,482 in 2023 and 2022.

(XIV) Share capital

As at December 31, 2023 and 2022, the Company's authorized capital was \$7,000,000 and the paid-in capital was both \$3,800,000. The par value per share is \$10. The payment for all issued shares of the Company has been collected. The beginning and the ending of the Company's ordinary shares outstanding in 2023 and 2022 were both 380,000 thousand shares.

(XV) Capital surplus

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Paid-in capital in excess of par value of common stock	\$ 596,116	\$ 596,116
Changes in subsidiary's equity	1,724	1,724
Gain on disposal of assets	3,323	3,323
Donations	17,652	17,652
Changes in net value of equity of affiliates and joint ventures recognized under the equity method	8,868	8,868
	<u>\$ 627,683</u>	<u>\$ 627,683</u>

According to the Company Act, capital surplus can only be used to offset losses. However, capital surplus arising from shares issued at premium (including the issuance of common shares at premium, capital stock premiums as a result of stock issuance due to a merger, and treasury stock transactions) and donations received may be used, in part or in whole, for the distribution of new shares or cash based on the shareholders' original shareholding ratio in accordance with a resolution of the shareholders' meeting when the Company does not have deficits. The Company may use capital surplus to offset losses only when the legal reserve cannot fully cover capital losses. The capital surplus recognized as long-term equity investments under the equity method cannot not be used for any purpose.

(XVI) Retained earnings

1. According to the earnings distribution policy in the Articles of Incorporation of the Company, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is

equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.

2. The shareholders' meeting approved the amendment of the Articles of Incorporation in a resolution on Friday, June 17, 2022. According to the Company's earnings distribution policy in the Articles of Incorporation, the Company has deleted the Article stating that it may proceed with the distribution of earnings of making up for losses at the end of each quarter in accordance with the Company Act.
3. The legal reserve may only be used for offsetting deficits and the distribution of new shares or cash based on the shareholders' original shareholding ratio. However, when new shares or cash dividends are distributed, the distribution shall be restricted to the legal reserve in excess of 25% of the paid-in capital.
4. When the Company distributes earnings, it shall first appropriate funds for the special reserve from the balance of other equities of borrowers as of the balance sheet date of the current year in accordance with laws and regulations. Once the balance of other equities of borrowers has been reversed, the reversed amount may be calculated as distributable earnings.
5. The Company's dividend policy is set up in accordance with the Company Act and the Articles of Incorporation and determined by the Company's financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT\$10 billion, the cash dividends shall not be less than 50%.
6. The appropriations of 2022 and 2021 earnings were approved by the shareholders' meeting on June 13, 2023 and June 17, 2022, respectively. Details are summarized as follows:

	2022		2021	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserve	\$ 40,839	\$ -	\$ 125,878	\$ -
Special reserve	128,215	-	10,017	-
Cash dividends	-	-	380,000	1.0

7. The 2023 earnings distribution proposal was approved by the Board of Directors on March 13, 2024, and details are as follows:

	2023	
	Amount	Dividends per share (NT\$)
Legal reserve	\$ 29,933	\$ -
Reversal of special reserve	138,232	-
Cash dividends	152,000	0.4

8. Please refer to Note 6 (24) for more information on employees' remuneration and Directors' remuneration.

(XVII) Other equity interests

	2023		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1	\$ 22,326	(\$ 160,558)	(\$ 138,232)
Valuation adjustment	-	285,073	285,073
Valuation adjustment transferred to retained earnings	-	5,645	5,645
Currency translation differences	47	-	47
December 31	<u>\$ 22,373</u>	<u>\$ 130,160</u>	<u>\$ 152,533</u>

	2022		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1	\$ 22,034	(\$ 32,051)	(\$ 10,017)
Valuation adjustment	-	( 206,045)	( 206,045)
Valuation adjustment transferred to retained earnings	-	77,538	77,538
Currency translation differences	292	-	292
December 31	<u>\$ 22,326</u>	<u>(\$ 160,558)</u>	<u>(\$ 138,232)</u>

(XVIII) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	\$ 725,478	\$ 3,944,099
Rental income	9,981	10,417
	<u>\$ 735,459</u>	<u>\$ 3,954,516</u>

1. Detailed items of revenues from contracts with customers

The Group's revenue is derived from the transfer of product and services at certain points in time or gradual transfer as time progresses. Revenue by operation is further divided as follows:

<u>2023</u>	<u>Sales of construction projects</u>	<u>Other</u>	<u>Total</u>
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 673,910	\$ -	\$ 673,910
- Revenue transferred gradually as time progresses	-	51,568	51,568
	<u>\$ 673,910</u>	<u>\$ 51,568</u>	<u>\$ 725,478</u>

<u>2022</u>	<u>Sales of construction projects</u>	<u>Other</u>	<u>Total</u>
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 3,932,431	\$ -	\$ 3,932,431
- Revenue transferred gradually as time progresses	-	11,668	11,668
	<u>\$ 3,932,431</u>	<u>\$ 11,668</u>	<u>\$ 3,944,099</u>

2. The total amounts in the apportionment of the transactions and estimated year of revenue recognition for the Group's outstanding contract performance obligations for sales contracts signed as of December 31, 2023 are as follows:

Estimated year of revenue recognition	Amount in signed contracts
<u>2024~2027</u>	<u>\$ 6,780,303</u>

3. Contract assets and contract liabilities

The Group recognizes revenues generated by customer contracts, and the following contract assets and contract liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets - current:			
Labor services services	\$ 39,006	\$ 18,434	\$ -
Contract liabilities - current:			
- Advance receipt of land payment	\$ 710,261	\$ 125,188	\$ 552,437
- Advance receipt of property payment	380,632	83,223	446,010
	<u>\$ 1,090,893</u>	<u>\$ 208,411</u>	<u>\$ 998,447</u>

(1) The Group has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. The Group recognizes contract liabilities related to the pre-sales house contracts in accordance with IFRS 15.

(2) Opening contract liabilities recognized as income in the current period

	<u>2023</u>	<u>2022</u>
Opening balance of contract liabilities recognized as income in the current period		
Construction project sales contract	\$ <u>82,250</u>	\$ <u>972,873</u>

(3) Contract modifications and variable consideration

In 2023 and 2022, as the contract price of the certain project development contracts for the operation and management service revenue was revised according to the partners' supplementary agreement, and the Group's contract obligations are labor services that cannot be separated, the Company has considered the most appropriate estimate and recognized an catch-up adjustment to revenue of \$0 and \$1,731, respectively, based on the amended contracts.

(XIX) Interest income

	<u>2023</u>	<u>2022</u>
Interest from bank deposits	\$ 13,020	\$ 4,040
Other interest income	459	2,016
	<u>\$ 13,479</u>	<u>\$ 6,056</u>

(XX) Other income

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 37,127	\$ 75,629
Other	64,055	38,084
	<u>\$ 101,182</u>	<u>\$ 113,713</u>

(XXI) Other profits and losses

	<u>2023</u>	<u>2022</u>
Net gains (losses) on financial assets at fair value through profit or loss	\$ 401	(\$ 3,460)
Other profits and losses	( 9,502)	( 5,827)
	<u>(\$ 9,101)</u>	<u>(\$ 9,287)</u>

(XXII) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expenses:		
Bank borrowings	\$ 153,613	\$ 95,877
Interest on short-term notes and bills payable	8,074	16,400
Other	4,394	7,608
	<u>166,081</u>	<u>119,885</u>
Minus: Amount eligible for asset capitalization	( 146,328)	( 89,366)
Finance costs	<u>\$ 19,753</u>	<u>\$ 30,519</u>

(XXIII) Additional information on expenses

	<u>2023</u>	<u>2022</u>
Construction cost in this period	\$ 442,765	\$ 3,168,490
Employee benefit expenses	118,254	120,505
Depreciation	31,763	29,924
Amortization of intangible assets	661	542
Tax expenses	15,214	17,516
Professional service expenses	29,402	42,736
Advertising expenses	4,188	10,116
Commission expenses	22,296	125,054
Management fees	7,839	34,734
Other expenses	52,342	125,682
Operating costs and expenses	<u>\$ 724,724</u>	<u>\$ 3,675,299</u>

(XXIV) Employee benefit expenses

	<u>2023</u>	<u>2022</u>
Salary expenses	\$ 92,074	\$ 90,462
Labor and health insurance fees	7,655	7,394
Pension expenses	3,874	3,482
Remuneration for Directors	12,879	15,158
Other personnel expenses	1,772	4,009
	<u>\$ 118,254</u>	<u>\$ 120,505</u>

1. According to the Articles of Incorporation, if the Company has earnings in the current year, the Company's remuneration for employees and Directors shall be 0.5% to 5% and no more than 5% of the earnings before tax of the year and before deducting remuneration for employees and Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.

2. The Company's estimated amounts of employees' remuneration for 2023 and 2022 are \$6,809 and \$11,201, respectively. The estimated amounts of Directors' remuneration are \$6,809 and \$11,201, respectively. All amounts are recognized as salary expenses.

The estimated amounts of employees' remuneration and Directors' remuneration based on the profitability in 2023 are 2% and 2%, respectively. The preceding employees' remuneration will be distributed in cash.

Employees' remuneration and Directors' remuneration in the Board of Directors' resolution for 2022 were equal to the amount recognized in the financial statements for 2022.

Information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors is posted in the "Market Observation Post System".



(XXV) Income tax

1. Income tax expenses

	<u>2023</u>	<u>2022</u>
<u>Current income tax</u>		
Income tax arising in the current period	\$ 6,498	\$ 15,991
Surtax on undistributed earnings	11,967	56,144
Land value increment tax included in current income	3,716	22,779
Adjustments in respect of prior years	6,324	( 27,740)
Total current income tax	<u>28,505</u>	<u>67,174</u>
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	330	307
Income tax expenses	<u>\$ 28,835</u>	<u>\$ 67,481</u>

2. Relationship between income tax expenses and accounting profits

	<u>2023</u>	<u>2022</u>
Income tax from net profit before tax calculated at the statutory tax rate	\$ 66,742	\$ 110,680
Surtax on undistributed earnings	11,967	56,144
Income to be excluded based on tax laws	3,304	15,353
Tax-exempt income based on tax laws	( 63,143)	( 188,677)
Temporary differences not recognized in deferred income tax assets	4,616	( 13,272)
Tax losses not recognized in deferred income tax assets	( 9)	91,907
Tax losses in previous years not recognized in deferred income tax assets	( 5,012)	-
Origination and reversal of temporary differences	330	307
Land value increment tax included in income in the current period	3,716	22,779
Adjustments in respect of prior years	6,324	( 27,740)
Income tax expenses	<u>\$ 28,835</u>	<u>\$ 67,481</u>

3. The deferred income tax assets or liabilities from temporary differences are as follows:

2023				
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
<u>Deferred income tax assets</u>				
Unrealized expenses	\$ 439	(\$ 330)	\$ -	\$ 109
Prepaid land value increment tax	-	-	-	-
	<u>\$ 439</u>	<u>(\$ 330)</u>	<u>\$ -</u>	<u>\$ 109</u>
2022				
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
<u>Deferred income tax assets</u>				
Unrealized expenses	\$ 746	(\$ 307)	\$ -	\$ 439
Prepaid land value increment tax	12,991	(12,991)	-	-
	<u>\$ 13,737</u>	<u>(\$ 13,298)</u>	<u>\$ -</u>	<u>\$ 439</u>

4. The effective periods of unused tax losses and related amounts of unrecognized deferred income tax assets are as follows:

December 31, 2023				
<u>Year occurred</u>	<u>Reported amount/approved amount</u>	<u>Amount not yet deducted</u>	<u>Unrecognized deferred income tax assets</u>	<u>Final deductible year</u>
2022	<u>452,560</u>	<u>427,342</u>	<u>427,342</u>	2032
December 31, 2022				
<u>Year occurred</u>	<u>Reported amount/approved amount</u>	<u>Amount not yet deducted</u>	<u>Unrecognized deferred income tax assets</u>	<u>Final deductible year</u>
2022	<u>452,560</u>	<u>452,560</u>	<u>452,560</u>	2032

5. The Company's profit-seeking enterprise income tax returns have been approved by the tax authorities up to 2021.

(XXVI) EPS

	2023		
	Amount after tax	Number of ordinary shares outstanding (shares in thousands)	EPS (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 304,198	380,000	\$ <u>0.80</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	406	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 304,198</u>	<u>380,406</u>	<u>\$ 0.80</u>
	2022		
	Amount after tax	Number of ordinary shares outstanding (shares in thousands)	EPS (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 485,928	380,000	\$ <u>1.28</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	680	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 485,928</u>	<u>380,680</u>	<u>\$ 1.28</u>

(XXVII) Changes in liabilities from financing activities

	2023				
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Deposits received	Total
January 1	\$ 5,465,517	\$ 527,672	\$ 43,858	\$ 2,312	\$ 6,039,359
Increase in current period	2,372,380	871,555	-	4	3,243,939
Decrease in current period	( 1,232,570)	( 1,400,055)	( 22,378)	( 295)	( 2,655,298)
Interest expenses paid (Note)	-	( 2,746)	( 689)	-	( 3,435)
Other non-cash changes	-	3,574	2,828	-	6,402
December 31	<u>\$ 6,605,327</u>	<u>\$ -</u>	<u>\$ 23,619</u>	<u>\$ 2,021</u>	<u>\$ 6,630,967</u>

	2022				
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Deposits received	Total
January 1	\$ 4,671,351	\$ 1,138,402	\$ 66,400	\$ 2,853	\$ 5,879,006
Increase in current period	4,259,650	3,161,310	-	961	7,421,921
Decrease in current period	( 3,465,484)	( 3,771,900)	( 22,542)	( 1,502)	( 7,261,428)
Interest expenses paid (Note)	-	( 5,020)	( 1,136)	-	( 6,156)
Other non-cash changes	-	4,880	1,136	-	6,016
December 31	<u>\$ 5,465,517</u>	<u>\$ 527,672</u>	<u>\$ 43,858</u>	<u>\$ 2,312</u>	<u>\$ 6,039,359</u>

Note: Recorded Cash flows from operating activities.

VII. Related-party transactions

(I) Name and relationship of related parties

Names of related parties	Relationship with the Company
Hanshin Asset Management Co., Ltd. (Hanshin Asset Management)	Other related party
Hanshin Department Store Co., Ltd. (Hanshin Department Store)	Other related party
Chi Hsuan Development Co., Ltd. (Chi Hsuan Development)	Other related party
Grand Hi-Lai Hotel Co., Ltd. (Grand Hi-Lai Hotel)	Other related party
Hi-Lai Foods Co., Ltd. (Hi-Lai Foods)	Other related party
Wei Li International Development Co., Ltd. (Wei Li)	Other related party
Hanshin Shopping Plaza Co., Ltd. (Hanshin Shopping Plaza)	Other related party
Grand Hi-Lai International Property Management Consulting Co., Ltd. (Grand Hi-Lai International Property)	Other related party
Kaohsiungaquas Co., Ltd. (AQUAS)	Other related party
Ascent Development Co., Ltd. (Ascent)	Other related party
Han Lin Development Co., Ltd. (Han Lin Development)	Other related party
Pao Teng Landscape Co., Ltd.	Other related party
7 individuals including Shao-Ling Peng	Other related party

(II) Major transactions with related parties

1. Operating revenue

Income from management services

	2023	2022
Other related party - Wei Li	\$ 22,989	\$ -

Engineering revenue

	2023	2022
Other related party	\$ 9,098	\$ -

Rental income

	2023	2022
Other related party	\$ 1,793	\$ 2,076

2. Promotion expenses

	2023	2022
Other related party	\$ 1,188	\$ 1,175

3. Administrative expenses

	2023	2022
Other related party - Hi-Lai Foods	\$ 5,435	\$ 6,780
Other related party - Hanshin Asset Management	6,846	6,846
Other related party - AQUAS	2,355	3,931
Other related party - Others	2,996	2,238
	\$ 17,632	\$ 19,795

4. Expenses for investments in construction

	2023	2022
Other related party	\$ 4,863	\$ 6,887

5. Accounts receivable

	December 31, 2023	December 31, 2022
Other related party - Others	\$ 2,687	\$ 638

6. Acquisition of financial assets

(1) No financial assets were obtained from related parties from January 1 to December 31, 2023.

(2) The Group participated in the cash capital increase of related parties in 2022 and completed the registration of changes on June 10, 2022, and January 10, 2023, respectively. The information on the subscriptions of the Group is as follows:

Account	Number of shares traded	Object of transaction	Acquisition price
Non-current financial assets at fair value through other comprehensive income	3,970 thousand shares	Grand Hi-Lai Hotel - stocks	\$ 59,548

7. Other credit and debt transactions

(1) Refundable deposits

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related party - Wei Li	\$ 23,262	\$ 23,262
Other related party	2,191	1,336
	<u>\$ 25,453</u>	<u>\$ 24,598</u>

(2) Deposits received

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related party	\$ 458	\$ 450

8. Related party financing

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related party - Hanshin Shopping Plaza	\$ -	\$ 250,432

The accounts payable - related party on December 31, 2022 was attributable to the joint operations construction project being developed by the Group having taken out loan from other related party - Hanshin Shopping Plaza Co., Ltd.. Total loan was \$500,000, and the Group recognized 50% of which based on the investment ratio. The aforesaid amount is the principal and interests payable.

9. Endorsements and guarantees

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related party - Wei Li	\$ 7,057,922	\$ 8,473,922
- Chi Hsuan	93,000	93,000
	<u>\$ 7,150,922</u>	<u>\$ 8,566,922</u>

10. Other

- (1) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Han Lin Development Co., Ltd., Grand Hi-Lai Hotel Co., Ltd., and Hanshin Shopping Plaza Co., Ltd. for 29 plots of land including Plot 895 on Jiangbei Section in Xizhi District, New Taipei City with a total area of 5,551.35 pings on Monday, July 4, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 20% for Wei Li International Development Co., Ltd., 10% for Han Lin Development Co., Ltd., 10% for Grand Hi-Lai Hotel Co., Ltd., and 10% for Hanshin Department Store.
- (2) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Goldshare Investment Corporation, Hanshin Asset Management Co., Ltd., Hanshin Shopping Plaza Co., Ltd., Hsueh-Yong Ltd., and Heng-Rui Development Co., Ltd. for 3 plots of land including Plot 194, 196, and 197 on Longzhong Section, Gushan District, Kaohsiung City with a total area of 4,905.25 pings on Monday, March 21, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 5% for Goldshare Investment

Corporation, 15% for Hanshin Asset Management Co., Ltd., 10% for Hanshin Shopping Plaza Co., Ltd, 5% for Hsueh-Yong Ltd., and 5% for Heng-Rui Development Co., Ltd.

- (3) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 9 plots of land including Plot 28 on Zhongxing Section, Sanchong District, New Taipei City with a total area of 1,828.28 pings on July 15, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 15% for Ascent Development Co., Ltd., 10% for Hanshin Asset Management Co., Ltd., and 15% for Grand Hi-Lai Hotel Co., Ltd.
- (4) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies.
- (5) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 19 plots of land including Plot 365 on Zhongyi Section, Tucheng District, New Taipei City with a total area of 5,344.27 pings on January 28, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies. "Grand Hi-Lai Hotel Co., Ltd." later withdrew from the project on June 29, 2021. The shares it previously held were transferred to Hanshin Asset Management Co., Ltd. The investment ratio change became effective on July 1, 2021.
- (6) The Company signed a joint investment and development agreement with "Wei Li" land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings. "Wei Li" represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land (the company issuing the sales invoice) and the company responsible for purchases products or services (the company with input documentary evidence). It is also responsible for the settlement of the project. The parties later signed the "Joint Development Supplementary Agreement" on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", "Crowell Development", and

"Han Lin Development". "Crowell Development" later withdrew from the project on July 15, 2019. "Wei Li" and the co-funders signed the "Joint Development Supplementary Agreement" for changing the investment ratio and settlement distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", and "Han Lin Development".

- (7) The Company signed a joint investment and development contract with Chi Hsuan Development Co., Ltd., and Tsang Shan Development Co., Ltd. for 14 plots of land including Plot 1381-21 in Zhongzheng District, Keelung City with a total area of 12,520.95 pings, and 1 building No. 7256 in Tiaohe Section, Zhongzheng District, Keelung City with an area of 26.77 pings. According to the contract, the Company serves as the manager of the Project. The investment ratio is 55% for the Company, 30% for Chi Hsuan Development Co., Ltd., and 15% for Tsang Shan Development Co., Ltd.
- (8) The Company's subsidiary Shen Yang Construction Co., Ltd. signed a joint investment and development contract with Wei Li International Development Co., Ltd., Han Lin Development Co., Ltd., and Ascent Development Co. Ltd., for 20 plots of land including Plot 258 on Zhongyuan Section in Zhonghe District, New Taipei City with a total area of 2,259.85 pings on Thursday, August 11, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 40% for Shen Yang Construction, 10% for Wei Li International Development Co., Ltd., 10% for Han Lin Development Co., Ltd., and 10% for Ascent Development Co., Ltd.

(III) Key management compensation

The Group's remuneration for Directors and key management:

	2023	2022
Short-term employee benefits	\$ 27,459	\$ 32,471

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends and submitted to the Board of Directors for resolution.

VIII. Pledged assets

The assets provided by the Group as collateral are as follows:

Assets	Book value		Purpose of collateral
	December 31, 2023	December 31, 2022	
Inventories	\$ 10,832,974	\$ 9,660,712	Short-term borrowings and commercial papers
Other financial assets - current (restricted deposits)	333,559	37,347	Trusts and reserve accounts
Property, plant and equipment	30,314	17,768	Commercial papers
Investment properties	41,045	41,614	Commercial papers
Other Financial Assets - Non Current	99,335	89,455	Performance guarantee
	<u>\$ 11,337,227</u>	<u>\$ 9,846,896</u>	

IX. Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2023, the total construction contract price between the Group and non-related parties was \$4,450,368 and the amount that has yet not been included in the estimation was \$3,205,989.



X. Significant disaster loss

None.

XI. Significant events after the balance sheet date

The appropriations of 2023 earnings were approved by the Board of Directors' meeting on March 13, 2024. Refer to Note 6 (16) for details.

XII. Other

(I) Capital management

The Group implements capital management to ensure sustainable development of the companies of the Group maximize the benefit for its shareholders by optimizing debts and equity. The Group's capital structure consists of equity attributable to owners of the Company (i.e., share capital, capital surplus, retained earnings, and other equity interests). In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts. The Group adjusts loan amounts based on the construction progress and the funding required for operations.

(II) Financial instruments

1. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Current financial assets at fair value through profit or loss	\$ 17,365	\$ 16,964
Current financial assets at fair value through other comprehensive income	310,777	433,514
Non-current financial assets at fair value through other comprehensive income	566,373	504,966
	<u>\$ 894,515</u>	<u>\$ 955,444</u>
Financial assets at amortized cost		
Cash and cash equivalents	\$ 2,117,455	\$ 2,221,552
Notes receivable, net	116,389	79,058
Accounts receivable, net	53,882	22,130
Other receivables	15,394	21,248
Other Financial Assets - Current	333,559	37,347
Refundable deposits	109,826	104,859
Other Financial Assets - Non Current	99,335	89,455
	<u>\$ 2,845,840</u>	<u>\$ 2,575,649</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 6,605,327	\$ 5,465,517
Short-term notes and bills payable	-	527,672
Notes payable	244,314	73,925
Accounts payable	127,524	224,527
Other payables - other	133,910	471,703
Deposits received	2,021	2,312
	<u>\$ 7,113,096</u>	<u>\$ 6,765,656</u>
Lease liabilities	<u>\$ 23,619</u>	<u>\$ 43,858</u>

## 2. Risk management policy

The objective of the Group's financial risk management is to manage the market risks, credit risks, and liquidity risks related to operating activities. The Group conducts the identification, valuation, and management of the aforementioned risks based on its policies and risk preferences.

The Group has set up appropriate policies, procedures, and internal control for the aforementioned financial risk management based on relevant standards. Significant financing activities must be reviewed by the Board of Directors in accordance with relevant standards and the internal control system. During implementations of financial management activities, the Group shall strictly abide by the regulations established for financial risk management.

## 3. Significant financial risks and degree of financial risks

### (1) Market risks

#### Foreign exchange risks

The Group's main operating activities are in Taiwan and the main currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

#### Price risks

A. The Group's equity instruments exposed to price risks are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risks of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.

B. The Group's main investments consist of equity instruments issued by domestic companies and open-ended funds. The prices of such equity instruments are affected by the uncertainty of the future value of underlying investments. If the price of such equity instruments rises or falls by 10% and all other factors remain constant, the net profit after tax as a result of the profit or loss in the equity tools measured at fair value in 2023 and 2022 will increase or decrease by \$1,736 and \$1,696, respectively. The gain or loss on equity investments classified as equity instruments in other comprehensive income measured at fair value through profit and loss will increase or decrease by \$31,078 and \$43,351, respectively.

#### Interest rate risk for cash flow and fair value

A. The Group's interest rate risks mainly arise from short-term borrowings and short-term notes and bills payable. Borrowings at floating rates expose the Group to cash flow interest rate risks, which are partially offset by cash held at floating rates. Borrowings at fixed rates expose the Group to fair value interest rate risks. In 2023 and 2022, the Group's loans calculated based on floating interest rates were calculated in NTD.

B. The Group simulates various plans and analyzes interest rate risks, including considering plans for refinancing or renewal of existing positions and other available financing plans to calculate the impact of specific changes interest rates on profit or loss.

C. If all other factors remain constant, the maximum impact of a 1% change in interest rates on financial costs in 2023 and 2022 would result in an increase or decrease of \$66,053 and \$59,932, respectively.

- (2) Credit risks
- A. The Group's credit risks refer to the risks of financial loss to the Group arising from default by the clients or counterparties of financial instruments. The risks are mainly derived from the counterparty's failure to settle the accounts receivable based on payment collection terms.
- B. The Group establishes credit risk management from the perspective of the Group. The Company has set a minimum independent credit rating of "A" for banks and financial institutions before they can be accepted as transaction counterparties.
- C. The Group's main business activities are the lease and sales of residential buildings, industrial plants, and commercial buildings. Revenue from the sale of properties is recognized upon the full payment of the contract price, the completion of the transfer of ownership, and the actual delivery of the properties. Therefore, the amount of accounts receivable arising from the sale of properties is considered insignificant and the possibility of non-recovery is low. The Group manages receivables in special transactions on an individual basis and tracks such receivables on a regular basis. The amount of the Group's assessed credit impairment losses as of December 31, 2023 and 2022 was insignificant.
- D. As of December 31, 2023 and 2022, there were no debts with recourse that were written off.

(3) Liquidity risks

- A. Cash flow forecasting is performed by each operating department within the Group and aggregated by the Group treasury. The Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.
- B. The Group's non-derivative financial liabilities are analyzed based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are analyzed based on the fair value on the balance sheet date. The amount of undiscounted contract cash flows of other payables is approximately equal to their carrying amounts and is due within one year. The amount of undiscounted contractual cash flows for other financial liabilities is described in the following table:

Non-derivative financial liabilities:

December 31, 2023	Within 1 year	1 to 3 years	3 years or above
Short-term borrowings	\$ 828,187	\$ 4,708,328	\$ 1,490,944
Accounts payable	53,863	43,683	29,978
Notes payable	26,939	217,375	-
Lease liabilities	22,669	1,253	-

Non-derivative financial liabilities:

December 31, 2022	Within 1 year	1 to 3 years	3 years or above
Short-term borrowings	\$ 639,211	\$ 241,166	\$ 5,205,800
Short-term notes and bills payable	528,500	-	-
Accounts payable	209,057	-	15,470
Lease liabilities	22,817	21,917	-

C. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount would be significantly different.

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quotation (unadjusted) of the same asset or liability from an active market can be obtained on the measurement date. An active market refers to a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on a continuous basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

2. Please refer to Note 6 (10) for information on the fair value of investment properties carried at cost.

3. The carrying amount of financial instruments not carried at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets - current, refundable deposits, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, and deposit received, are reasonable approximations of the fair value.

4. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(1) The information on the Group's classification of assets by nature is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2023</u>				
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss	\$ 17,365	\$ -	\$ -	\$ 17,365
Current financial assets at fair value through other comprehensive income	\$ 310,777	\$ -	\$ -	\$ 310,777
Non-current financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 566,373	\$ 566,373

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ 16,964	\$ -	\$ -	\$ 16,964
Current financial assets at fair value through other comprehensive income	\$ 433,514	\$ -	\$ -	\$ 433,514
Non-current financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 504,966	\$ 504,966

(2) The methods and assumptions that the Group used to measure the fair value are as follows:

A. The instruments for which the Group used market quoted prices as their fair values (i.e., Level 1) are divided by the characteristics of the instruments as follows:

	<u>Listed stocks</u>	<u>Open-end funds</u>
Market quoted price	Closing price	Net worth

B. Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

5. There was no transfer between Level 1 and Level 2 in the Group in 2023 and 2022.

6. The Level-3 movements for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
January 1	\$ 504,966	\$ 426,132
Acquired in the current period	-	59,548
Disposed in the current period	-	-
Valuation adjustment	61,407	19,286
December 31	\$ 566,373	\$ 504,966

7. An independent appraiser appointed by the Group is in charge of valuation procedures for fair value measurements being categorized within Level 3. The appraiser submits a valuation report, or the Finance Department performs the fair value verification of financial instruments to ensure that the source of data is independent, reliable, and represented as the exercisable price.

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value as of December 31, 2023	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship between inputs and fair value
Equity instruments:					
Non-listed stocks	\$ 517,043	Comparable public company analysis	Product of the number of shares multiplied by value	0.50~5.49	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	15.90% ~30.00%	The higher the discount for lack of marketability, the lower the fair value
		Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
	<u>49,330</u>				
	<u>\$ 566,373</u>				
	Fair value as of December 31, 2022	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship between inputs and fair value
Equity instruments:					
Non-listed stocks	\$ 458,680	Comparable public company analysis	Product of the number of shares multiplied by value	0.44~8.06	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	13.62%~ 30.00%	The higher the discount for lack of marketability, the lower the fair value
		Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
	<u>46,286</u>				
	<u>\$ 504,966</u>				

9. The Group has carefully assessed the valuation models and inputs used to measure fair value. However, use of different valuation models or inputs may result in different measurement. The following is the effect on other comprehensive income from financial assets categorized within Level 3 if the inputs used in the valuation models have changed:

	Input	Change	December 31, 2023		December 31, 2022	
			Recognized in other comprehensive income		Recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Liquidity	±5%	\$ 32,825	(\$ 32,825)	\$ 29,346	(\$ 29,346)

### XIII. Supplementary disclosures

#### (I) Significant transactions information

- Loans to others: None.
- Provision of endorsements and guarantees to others: Please refer to Table 1.
- Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
- Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of paid-in capital or more: None.
- Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Table 3.
- Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Table 4.
- Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- Trading in derivatives: None.
- The business relationship and significant transactions between the parent company and its subsidiaries: Please refer to Table 5.

#### (II) Information on investees

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to Table 6.

#### (III) Information on investments in Mainland China

- Basic information: Please refer to Table 7.
- Significant transactions with the investees in Mainland China either directly or indirectly through other companies in the third areas: Please refer to Table 7.

#### (IV) Information on major shareholders

Information on major shareholders: Please refer to Table 8.

#### XIV. Segment information

##### (I) General information

The Group only engages in business operations in one industry and the Group uses the overall performance evaluation and resource distribution to provide chief operating decision-makers with information on resource distribution and department performance in the financial information of each individual company.

The Company: The Company's main businesses are the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings.

L1 companies: The main businesses are residential and buildings lease construction and development, public works construction and investment, and real estate rental and leasing.

L2 companies: The main businesses are residential and buildings lease construction and development, public works construction and investment, and real estate rental and leasing.

Other companies: Summary of companies that have not reached the quantitative threshold.

##### (II) Segment information measurement

The Group's operation decision-makers use the net income after taxes to evaluate the performance of segments. It is also used as the basis for performance evaluation.

##### (III) Segment information

Reportable segment information provided to the chief operating decision maker is as follows:

	2023					
	<u>The Company</u>	<u>L1 companies</u>	<u>L2 companies</u>	<u>Other companies</u>	<u>Reconciliation and offset</u>	<u>Total</u>
Revenue from external customers	\$ 571,021	\$ 9,098	\$ 155,915	\$ -	(\$ 575)	\$ 735,459
Revenue from inter-segment sales	-	-	-	-	-	-
Total revenue	<u>\$ 571,021</u>	<u>\$ 9,098</u>	<u>\$ 155,915</u>	<u>\$ -</u>	<u>(\$ 575)</u>	<u>\$ 735,459</u>
Segment income before tax	<u>\$ 326,814</u>	<u>\$ 732</u>	<u>\$ 56,626</u>	<u>(\$ 946)</u>	<u>(\$ 49,515)</u>	<u>\$ 333,711</u>
Depreciation and amortization	<u>(\$ 27,811)</u>	<u>(\$ 2,198)</u>	<u>(\$ 2,415)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 32,424)</u>
Income tax expenses	<u>(\$ 22,616)</u>	<u>(\$ 424)</u>	<u>(\$ 5,768)</u>	<u>(\$ 27)</u>	<u>\$ -</u>	<u>(\$ 28,835)</u>
Income (losses) from equity investments under the equity method	<u>\$ 290,809</u>	<u>(\$ 407)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 53,233)</u>	<u>\$ 237,169</u>
Segment assets	<u>\$ 17,013,389</u>	<u>\$ 653,312</u>	<u>\$ 3,156,370</u>	<u>\$ 301,949</u>	<u>(\$ 2,576,321)</u>	<u>\$ 18,548,699</u>
Segment liabilities	<u>\$ 6,913,713</u>	<u>\$ 3,233</u>	<u>\$ 1,456,836</u>	<u>\$ 468</u>	<u>(\$ 30,787)</u>	<u>\$ 8,343,463</u>
	2022					
	<u>The Company</u>	<u>L1</u>	<u>L2</u>	<u>Other</u>	<u>Reconciliation</u>	<u>Total</u>



		<u>companies</u>	<u>companies</u>	<u>companies</u>	<u>and offset</u>	
Revenue from external customers	\$ 3,111,563	\$ -	\$ 854,276	\$ -	(\$ 11,323)	\$ 3,954,516
Revenue from inter-segment sales	-	-	-	-	-	-
Total revenue	\$ 3,111,563	\$ -	\$ 854,276	\$ -	(\$ 11,323)	\$ 3,954,516
Segment income before tax	\$ 537,650	(\$ 490)	\$ 229,476	\$ 79	(\$ 213,316)	\$ 553,399
Depreciation and amortization	(\$ 24,995)	(\$ 2,167)	(\$ 3,304)	\$ -	\$ -	(\$ 30,466)
Income tax expenses	(\$ 51,722)	\$ -	(\$ 15,759)	\$ -	\$ -	(\$ 67,481)
Income (losses) from equity investments under the equity method	\$ 428,955	\$ 10	\$ -	\$ -	(\$ 234,746)	\$ 194,219
Segment assets	\$ 15,598,634	\$ 649,158	\$ 2,745,958	\$ 302,642	(\$ 2,520,255)	\$ 16,776,137
Segment liabilities	\$ 6,089,057	\$ 1,997	\$ 1,083,123	\$ 189	(\$ 11,708)	\$ 7,162,658

(IV) Reconciliation of segment income

The revenue from external parties, segment profit or loss, and total assets provided to the chief operating decision-maker are measured in a manner consistent with the revenue, net income after tax, and total assets in the financial statements. Therefore, no reconciliation is required.

(V) Information by region

The Group's information by region in 2023 and 2022 is as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 735,459	\$ 1,159,495	\$ 3,954,516	\$ 1,146,653

Kuo Yang Construction Co., Ltd. and Subsidiaries  
 Provision of endorsements and guarantees to others  
 January 1 to December 31, 2023

Table 1

Unit: NT\$ thousand  
 (Unless specified otherwise)

No. (Note 1)	Name of company providing endorsement or guarantee Company name	Entity for which the endorsement/guarantee is made Company name	Relation (Note 2)	Limit on endorsements/guarantees to a single enterprise (Note 3)	Maximum outstanding balance of endorsements/guarantees during the current period (Note 4)	Ending balance of endorsements/guarantees (Note 5)	Actual amount drawn down (Note 6)	Endorsed/Guaranteed amount with property as collateral	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/guaranteed amount (Note 3)	Parent company to subsidiary (Note 7)	Subsidiary to parent company (Note 7)	Endorsements and guarantees for entities in Mainland China (Note 7)	Remarks
0	Kuo Yang Construction Co., Ltd.	Wei Li International Development Co., Ltd.	5	\$ 20,199,352	\$ 9,431,252	\$ 7,057,922	\$ 6,152,959	\$ -	69.88%	\$ 40,398,704	N	N	N	
0	"	Tsang Shan Development Co., Ltd.	5	20,199,352	93,000	46,500	46,500	-	0.46%	40,398,704	N	N	N	
0	"	Chi Hsuan Development Co., Ltd.	5	20,199,352	186,000	93,000	93,000	-	0.92%	40,398,704	N	N	N	
0	"	Shen Yang Construction Co., Ltd.	2	20,199,352	529,000	499,000	199,000	-	4.94%	40,398,704	Y	N	N	
1	Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	2	3,311,268	2,282,500	2,282,500	111,300	-	137.86%	6,622,536	N	N	N	
1	"	Tsang Hsin Construction Co., Ltd.	5	3,311,268	949,450	949,450	501,000	-	57.35%	6,622,536	N	N	N	

Note 1: The explanation for filling out numbers is as follows: 1. The issuer shall fill out numbers of 02. Investees are numbered in order starting from "1".

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following six categories (simply specify the respective category):

1. Companies in a business relationship with the Company.
2. Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.
3. Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.
4. Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.
5. Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.
6. Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: The procedures in which the Company provides endorsements/guarantees for others, the maximum endorsements/guarantees for each entity, and the total limit of endorsements/guarantees shall be filled in. The individual entity receiving endorsements/guarantees and the calculation method for the total limit amount shall be specified in the "Remarks" column.

1. The total endorsements and guarantees provided by the Company shall not exceed the net value of the Company's most recent financial statements; the endorsements and guarantees provided for an individual enterprise may not exceed 20% of the net value of the Company's most recent financial statements.
2. Where the Company fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, the restrictions in the preceding paragraph shall not apply and the endorsements and guarantees can still be provided. However, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.
3. Where Shen Yang Construction fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.

Note 4: Highest balance of endorsements/guarantees to others for the year.

Note 5: Endorsement/guarantee liabilities are assumed when the amount of the endorsement/guarantee contracts or bills signed with the bank by the Company is approved as of the end of the year. Other matters related to endorsements/guarantees shall be included in the endorsement/guarantee balance.

Note 6: Enter the actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance.

Note 7: Endorsements/guarantees made by TWSE/TPEX listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEX listed parent company, and endorsements/guarantees made in Mainland China are must be indicated with "Y".

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures)  
December 31, 2023

Table 2

Unit: NT\$ thousand  
(Unless specified otherwise)

Securities held by	Type and name of marketable securities	Relationship with securities issuer	General ledger account	End of period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Fair value	
Kuo Yang Construction Co., Ltd.	Nomura Global High Yield Bond Fund	None	Current financial assets at fair value through profit or loss	689,047	\$ 4,320	-	\$ 4,320	
"	TCB Global Healthcare M-A Income Fund	None	"	1,000,000	8,090	-	8,090	
Shang Yang International Asset Management Co., Ltd.	O-Bank No. 1 Real Estate Investment Trust	None	"	617,000	4,955	-	4,955	
					<u>\$ 17,365</u>		<u>\$ 17,365</u>	
Kuo Yang Construction Co., Ltd.	Non-listed stocks - Tai Ho Construction Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	2,400,000	\$ -	17.14%	\$ -	
Kuo Yang Construction Co., Ltd.	Listed stocks - Ascent Development Co., Ltd.	Note 4	Current financial assets at fair value through other comprehensive income	3,108,000	\$ 75,214	3.38%	\$ 75,214	
"	Hi-Lai Foods Co., Ltd.	"	"	332,237	51,995	0.79%	51,995	
"	Hsin Kuang Steel Co., Ltd.	None	"	280,000	16,156	0.09%	16,156	
Shen Yang Construction Co., Ltd.	Listed stocks - Hi-Lai Foods Co., Ltd.	Note 4	"	22,149	3,466	0.05%	3,466	
"	Taiwan Cement Corporation	None	"	500,000	17,425	0.01%	17,425	
"	United Microelectronics Corporation	None	"	300,000	15,780	0.00%	15,780	
"	Unimicron Technology Corporation	None	"	20,000	3,520	0.00%	3,520	
"	Nan Ya Printed Circuit Board Corporation	None	"	150,000	37,725	0.02%	37,725	
"	GlobalWafers Co., Ltd	None	"	30,000	17,610	0.01%	17,610	
"	ASE Technology Holding Co., Ltd.	None	"	200,000	27,000	0.00%	27,000	
"	Chailease Holding Company Limited	None	"	102,000	19,686	0.01%	19,686	
"	Tatung Company	None	"	600,000	25,200	0.03%	25,200	
					<u>\$ 310,777</u>		<u>\$ 310,777</u>	
Kuo Yang Construction Co., Ltd.	Unlisted stocks - United Real Estate Management Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,494,794	\$ 21,077	4.43%	\$ 21,077	
"	Hanshin Asset Management Co., Ltd.	Note 4	"	4,946,472	205,971	2.29%	205,971	
"	Grand Hi-Lai Hotel Co., Ltd.	"	"	4,960,081	148,901	16.53%	148,901	
Shen Yang Construction Co., Ltd.	Unlisted stocks - Han Chi Technology Co., Ltd.	"	"	450,000	6,795	9.00%	6,795	
Shang Yang International Asset Management Co., Ltd.	Unlisted stocks - Kaohsiung Arena Development Corporation	"	"	12,500,000	155,375	5.00%	155,375	
"	SE Security Corp.	None	"	1,526,170	28,254	15.26%	28,254	
					<u>\$ 566,373</u>		<u>\$ 566,373</u>	

Note 1: Leave the column blank if the issuer of marketable securities is non-related party.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 4: The securities issuer is an affiliate of the Group.

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more  
January 1 to December 31, 2023

Table 3

Unit: NT\$ thousand  
(Unless specified otherwise)

Company that acquired real property	Name of property	Transaction date	Transaction amount	Payment status	Transaction counterparty	Relationship	Prior transaction of related counterparty				Basis of reference for price determination	Purpose of acquisition and status of usage	Miscellaneous
							Owner	Relationship with issuer	Transfer date	Amount			
Kuo Yang Construction Co., Ltd.	Inventories - construction-in-progress (New construction project in Jiuzhong Section, Neihu District, Taipei City)	2022/11/15	\$ 891,850	\$ 147,075 (Note 1)	Chin Hsieh Hsing Construction Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from He Yang Real Estate Appraisers Firm	Construction of factory and office building for sale	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - construction-in-progress (New construction project in Jilin Section, Zhongshan District, Taipei City)	2023/1/13	\$ 1,044,231	\$ 282,778	Continental Engineering Corporation	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from He Yang Real Estate Appraisers Firm	Construction of residential buildings for sale	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - construction-in-progress (New construction project in Zhongxing Section, Sanchong District, New Taipei City)	2023/11/07	\$ 1,142,175	\$ 140,522	Chun Chieh Construction Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from He Yang Real Estate Appraisers Firm	Construction of factory and office building for sale	Not applicable
Shen Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Yuanzhong Section, Nanzi District, Kaoshiung City) (Note 2)	2023/12/20	\$ 460,505	\$ -	Land Administration Bureau, Kaohsiung City Government	None	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Land for construction	Not applicable

Note 1: The Group has paid \$57,063 in 2022 and paid \$90,012 in this period in accordance with contracts.

Note 2: The Group jointly tendered with Chun-Chieh Kuo for the project from Land Affairs Bureau of Kaohsiung City Government in 2023, and the relevant price was paid in 2024.

Note 3: Where an appraisal is required for an acquired asset, specify the appraisal results in the "reference for price determination".

Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT\$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Note 5: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more  
January 1 to December 31, 2023

Table 4

Unit: NT\$ thousand  
(Unless specified otherwise)

Company that disposed of real property	Name of property	Transaction date	Acquisition date	Carrying amount	Transaction amount	Payment collection status	Gain (loss) on disposal	Transaction counterparty	Relation ship	Purpose of disposal	Basis of reference for price determination	Miscellaneous
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2023/05/19	Not applicable for pre-sale properties	Not applicable	\$ 461,180	\$69,165 already collected in accordance with contracts	Not applicable	Hotai Finance Co., Ltd.	None	Gains	Hung Pang Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2023/06/02	Not applicable for pre-sale properties	Not applicable	\$ 458,320	\$68,760 already collected in accordance with contracts	Not applicable	Shi-Tai Yung-Fu Investment Co., Ltd.	None	Gains	Hung Pang Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2023/06/09	Not applicable for pre-sale properties	Not applicable	\$ 815,500	\$122,340 already collected in accordance with contracts	Not applicable	eCloudvalley Digital Technology Co., Ltd.	None	Gains	Hung Pang Real Estate Appraisers Firm, Cheng Ta Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2023/07/04	Not applicable for pre-sale properties	Not applicable	\$ 262,500	\$26,250 already collected in accordance with contracts	Not applicable	Mesure Technology Co., Ltd.	None	Gains	Hung Pang Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2023/09/25	Not applicable for pre-sale properties	Not applicable	\$ 265,650	\$39,855 already collected in accordance with contracts	Not applicable	Tatung Atherton Co., Ltd.	None	Gains	Hung Pang Real Estate Appraisers Firm	Not applicable

Note 1: The transaction amount and payment collection status shall be disclosed in accordance with the project shareholding ratio.

Note 2: Where an appraisal is required for a disposed asset, specify the appraisal results in the "reference for price determination".

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT\$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Note 4: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd. and Subsidiaries  
The business relationship and significant transactions between the parent company and its subsidiaries  
January 1 to December 31, 2023

Table 5

Unit: NT\$ thousand  
(Unless specified otherwise)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction status			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Rental/leasing revenue	203	Note 4	0.03%
0	Kuo Yang Construction Co., Ltd.	Shang Yang International Asset Management Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.03%
0	Kuo Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.03%
0	Kuo Yang Construction Co., Ltd.	Star Epoch International Co., Ltd.	1	Contract liabilities - current	30,169	Note 4	0.16%
1	Shang Yang International Asset Management Co., Ltd.	Shadwell Limited.	3	Interest payable	471	Note 4	0.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is "0".
2. The subsidiaries are numbered in order starting from "1".

Note 2: Relationships are categorized into the following three types. Please specify the type:

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

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no major difference in transaction conditions between sales between parent company and subsidiaries and regular sales, other transaction conditions for other trades have no relevant examples to follow and the transaction conditions are determined in accordance with mutual agreements.

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Names, locations and other information of investee companies (excluding the investees in Mainland China)  
January 1 to December 31, 2023

Table 6

Unit: NT\$ thousand  
(Unless specified otherwise)

Name of investment company	Investee	Location	Main business activities	Initial investment amount		Holdings at the end of period			Net profit (loss) of investee for the current period	Investment income (loss) recognized by the Company for the current period	Remarks
				End of the period	End of last year	Number of shares	Percentage	Carrying amount			
Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	Taiwan	Real estate investment, development, and rental and leasing	\$ 1,600,000	\$ 1,600,000	160,000,000	100%	\$ 1,654,912	\$ 50,831	\$ 54,534	Subsidiary (Note 2)
"	Shang Yang International Asset Management Co., Ltd.	Taiwan	Residence and buildings lease construction and development	631,098	631,098	61,800,000	100%	648,268	( 524 )	( 524 )	Subsidiary (Note 2)
"	Star Epoch International Co., Ltd.	Taiwan	Residence and buildings lease construction and development	240,000	240,000	24,000,000	80%	239,391	( 901 )	( 707 )	Subsidiary (Note 2)
"	Shadwell Limited	British Virgin Islands	Investment in real estate property	4,742	4,742	2 00,000	100%	2,356	( 70 )	( 70 )	Subsidiary (Note 2)
"	Hanshin Shopping Plaza Co., Ltd.	Taiwan	Department store	480,000	480,000	10,005,000	20%	1,187,647	1,276,009	236,217	Affiliate enterprise
"	Sweet Me Hot Spring Resort Co., Ltd.	Taiwan	General hotel industry and restaurant management	22,000	22,000	2,200,000	20%	12,571	18,572	1,359	Affiliate enterprise
Shen Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	Taiwan	Horticulture services and afforestation	2,500	2,500	2 50,000	100%	1,039	( 216 )	( 168 )	Sub-subsidiary (Note 2)
"	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	176,000	176,000	17,600,000	80%	175,603	134	107	Sub-subsidiary (Note 2)
Shang Yang International Asset Management Co., Ltd.	Pao Yue Landscape Co., Ltd.	Taiwan	Landscape and interior design	1,020	-	102,000	51%	1,886	1,698	866	Sub-subsidiary (Note 2)
"	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	31,500	31,500	3,150,000	45%	34,516	173	78	Affiliate enterprise
"	Century Rainbow Limited	Seychelles	Investment company	114,438 (USD 3,727 thousand)	114,438 (USD 3,727 thousand)	1,020,100	100%	309	( 468 )	( 464 )	Sub-subsidiary (Note 1, 2)
Century Rainbow Limited	Celestial Talent Limited	Seychelles	Investment company	83,733 (USD 2,727 thousand)	83,733 (USD 2,727 thousand)	20,100	100%	( 94)	8	8	Sub-subsidiary (Note 1, 2)
Century Rainbow Limited	Charm Merit Limited	Hong Kong	Investment company	30,705 (USD 1,000 thousand)	30,705 (USD 1,000 thousand)	1,000,000	100%	485	( 482 )	( 482 )	Sub-subsidiary (Note 1, 2)
Charm Merit Limited	Good Fame Limited	Samoa	Investment company	30,705 (USD 1,000 thousand)	30,705 (USD 1,000 thousand)	1,000,000	40%	568	( 1,221 )	( 485 )	Affiliate enterprise (Note 1)

Note 1: Calculated based on the exchange rate of the foreign currency on December 31, 2023.

Note 2: All the transactions were consolidated and written off in the preparation of the consolidated financial statements.

Kuo Yang Construction Co., Ltd. and Subsidiaries  
Information on investments in Mainland China - basic information  
January 1 to December 31, 2023

Table 7

Unit: NT\$ thousand  
(Unless specified otherwise)

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Opening balance of accumulated fund transfer from Taiwan	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Ending balance of accumulated fund transfer from Taiwan	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognized by the Company in the current period (Note 2 (2). C)	Ending investment book value	Investment revenue transferred back to Taiwan as of the end of the period	Remarks
					Remitted to Mainland China	Remitted back to Taiwan							
Guopan Investment Consultancy Co., Ltd.	Business investment consulting and enterprise management consulting	\$ 92,115 (USD 3,000 thousand)	(2)	\$ 30,705 (USD 1,000 thousand)	\$ -	\$ -	\$ 30,705 (USD 1,000 thousand)	\$ 1,016	40%	\$ 491	\$ 629	\$ -	

Company name	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
The Company	\$ 30,705 (USD 1,000 thousand)	\$ 30,705	\$ 6,123,141

Note 1: The methods for engaging in investment in Mainland China are categorized into the following three types. Please specify the type:

- (1) The Company remits its own funds directly to the investee companies located in Mainland China.
- (2) The Company invests in Mainland China through a company in a third region. The Company invests in Good Fame Limited which invests in Guopan Investment Consultancy Co., Ltd.
- (3) Other methods.

Note 2: Investment income (loss) recognized by the Company in the current period:

- (1) If the company is in preparation status and no investment loss and profit has occurred, it shall be noted.
- (2) The three types of recognition of income on investment are as follows shall be noted.
  - A. Certified financial report audited by CPA firms in the Republic of China which have partnership with international CPA firms.
  - B. Financial report audited by CPA firm of Taiwan's parent company.
  - C. Others - Evaluations and disclosures of financial reports audited by the CPA.

Note 3: Related numbers in this table shall be expressed in NTD.



Kuo Yang Construction Co., Ltd.  
Information on major shareholders  
December 31, 2023

Table 8

Shareholder's name	Shares	
	Number of shares held	Shareholding ratio
Han Shen Investment Co., Ltd.	35,985,223	9.46%
Chung Shen Development Co., Ltd.	27,709,048	7.29%
Morta Enterprise Co., Ltd.	24,795,785	6.52%
Cheng Chi Co., Ltd.	23,124,570	6.08%
Han Chung Global Investment Co., Ltd.	20,205,488	5.31%

Note: The preceding information is provided by Taiwan Depository & Clearing Corporation (TDCC).

## V. Individual financial statements of the most recent year

### Independent Auditor's Report

(2024) Cai-Shen-Bao-Zi No. 23004302

To Kuo Yang Construction Co., Ltd.:

### **Audit Opinions**

The Individual Balance Sheet of Kuo Yang Construction Co., Ltd. as of December 31, 2023 and 2022 and the Individual Statement of Comprehensive Income, Individual Statement of Changes in Equity, Individual Cash Flow Statement, and Notes to the Individual Financial Statements (including a summary of material accounting policies) from January 1 to December 31, 2023 and 2022 have been audited by the CPA.

In our opinion and based on our audits and reports of other CPAs, the Individual Financial Statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in all material respects, and present fairly the individual financial position of Kuo Yang Construction as of December 31, 2023 and 2022, and its individual financial performance and its individual cash flow from January 1 to December 31, 2023 and 2022.

### **Basis of Audit Opinions**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Accounting (TWSA). Our responsibility based on these standards will be explained in greater detail in the section on our responsibilities for the review of the Individual Financial Statements. The personnel of the CPA firm who are governed by regulations on independence have acted according to the ROC CPA Code of Professional Ethics and remained independent of Kuo Yang Construction when fulfilling other obligations set forth in the Code. We believe that we have obtained sufficient and appropriate evidence as the basis for the audit opinion.

### **Key Audit Matters**

The key audit matters pertain to the most important items of Kuo Yang Construction's 2023 Individual Financial Statements as per the professional judgment of the CPA. These matters were addressed in the context of our audit of the Individual Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Individual Financial Statements of Kuo Yang Construction for 2023 are as follows:

**Appropriateness of the period in which income from the sales of houses and land is recognized**

Description

Refer to Note 4 (26) in the Individual Financial Statements for accounting policies on operating revenue from construction, and refer to Note 6 (17) for the explanation of accounting items.

The revenue from the sales of houses and land in the construction business is recognized when the ownership of the real estate is transferred and the property handover certificate is delivered to the customer. As the houses and land of a construction business are sold to many customers, the CPA is required to review all information on the transfer of ownership before recognizing sales revenue. The process generally involves a high amount of manual labor to determine the accuracy of the timing for recognizing sales revenue. Therefore, the CPA regarded the appropriateness of the period in which income from the sales of houses and land is recognized as one of the most important items in the audit.

Corresponding auditing procedures

The CPA has compiled the following corresponding procedures that were executed for the specific levels described in the aforementioned key audit matters:

- We interviewed the management level to understand and review the procedures for recognizing sales revenue from the sales of houses and land and verify whether the procedures have been consistently adopted in the period of the Financial Statements.
- We assessed and tested the appropriateness of the period in which income from the sales of houses and land is recognized by the management within a certain period after the end of the period, including the information on the transfer of ownership of the land and houses and related dates to verify the accuracy of the timing for recognizing sales revenue.

**Other matters - Reference to audits of other CPAs**

We did not audit certain investments accounted for through the equity method in the financial statements of Kuo Yang Construction for 2023 and 2022. Those financial statements were audited by other CPAs. As such, our opinions in the aforementioned Individual Financial Statements on the amounts included in the aforementioned financial statements and related information disclosed in Note 13 were based on audit reports of other CPAs. The investment on equity method totaling NT\$1,234,734 thousand and NT\$986,405 thousand as of December 31, 2023 and 2022 accounted for 7.26% and 6.32% of the total assets, respectively. The comprehensive income recognized for 2023 and 2022 was NT\$348,379 thousand and NT\$142,204 thousand, which accounted for 59.04% and 50.76% of the total comprehensive income for the period, respectively.

## **Responsibilities of the management and the governing bodies for the Individual Financial Statements**

The responsibility of the management was to prepare the individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to properly indicate the company's financial status and to maintain necessary internal control with regard to establishment of individual financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When the Individual Financial Statements were in the process of preparation, the responsibility of the management also included assessment of the capacity of Kuo Yang Construction to continue operation, disclosure of related matters and the accounting approaches to be adopted when the company continued to operate unless the management intended to liquidate or suspend the business of Kuo Yang Construction if there was not any other option except liquidation or suspension of the company's business.

The governance units (including the Audit Committee) of Kuo Yang Construction are responsible for overseeing the financial reporting process.

## **Auditors' Responsibilities for the Audit of the Individual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Individual Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with the Standards on Auditing (TWSA) cannot guarantee detection of significant misrepresentations in the individual financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

When conducting the auditing work according to the Standards on Accounting (TWSA), we exercised our professional judgment and professional skepticism. We also execute the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Individual Financial Statements. Designed and carried out appropriate countermeasures for the evaluated risks; Obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud are greater than those caused by errors.
2. Acquired necessary understanding about internal control which matters to audit and provide appropriate audit procedure under such circumstances. However, the purpose of such understanding is not for providing any opinion on the effectiveness of internal control of Kuo Yang Construction.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Kuo Yang Construction's ability to continue as a going concern. If we consider that material uncertainty exists in these matters or conditions, we are required to remind

the users of the Individual Financial Statements to pay attention to relevant disclosure in the statements in their audit report, or revise the audit opinions when such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Kuo Yang Construction to cease to continue as a going concern.

5. Evaluated the overall expression, structure and content of the Individual Financial Statements (including related notes) and if these statements present fairly the related transactions and events.
6. Obtained sufficient and appropriate proof for audit on the finances of the individual entities in Kuo Yang Construction to state our opinion on the Individual Financial Statements. We are responsible for the direction, supervision and performance of the individual audit. We remain solely responsible for the audit opinions of the Individual Financial Statements.

The CPAs' communications with the governance units include the planned scope and period of the audit and material finding in the audit (including significant defects identified in the internal control during auditing procedures).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and communicated with them about the all relations and other matters (including related preventive measures) that could affect the independence of the CPA.

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

PricewaterhouseCoopers Taiwan

Chun-Yuan Hsiao

CPA

Fang-Yu Wang

Former Securities and Futures Bureau, Financial  
Supervisory Commission

No. of Approval Document: Jin-Guan-Zheng-6 No.  
0960042326

Financial Supervisory Commission

No. of Approval Document: Jin-Guan-Zheng-Shen No.  
1030027246

March 13, 2024

Kuo Yang Construction Co., Ltd.  
Individual Balance Sheet  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Assets	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 1,012,013	6	\$ 1,464,782	9
1110	Current financial assets at fair value through profit or loss	6 (2)	12,410	-	11,830	-
1120	Current financial assets at fair value through other comprehensive income	6 (3)	143,365	1	119,528	1
1140	Contract assets - current	6 (17)	39,006	-	18,434	-
1150	Notes receivable, net	6 (4)	109,944	1	61,223	-
1170	Accounts receivable, net	6 (4)	51,345	-	21,611	-
1200	Other receivables		14,861	-	18,914	-
1210	Other receivables - related parties	7	-	-	11,286	-
1220	Current income tax assets	6 (24)	850	-	283	-
130X	Inventories	6 (5) (6) and 8	10,644,038	62	9,735,453	63
1410	Prepayments		102,384	1	88,457	1
1476	Other Financial Assets - Current	8	323,605	2	600	-
1479	Other current assets - other		169,114	1	5,346	-
11XX	<b>Total current assets</b>		<u>12,622,935</u>	<u>74</u>	<u>11,557,747</u>	<u>74</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6 (3) and 7	375,949	2	316,658	2
1550	Investments recognized under the equity method	6 (7)	3,745,145	22	3,456,148	22
1600	Property, plant and equipment	8	39,771	-	28,704	-
1755	Right-of-use assets	6 (8)	27,762	-	39,165	-
1760	Investment properties, net	6 (9) and 8	59,375	1	60,524	1
1840	Deferred income tax assets	6 (24)	109	-	439	-
1920	Refundable deposits		93,235	1	88,177	1
1980	Other Financial Assets - Non Current	8	48,335	-	48,335	-
1990	Other non-current assets - other		773	-	2,737	-
15XX	<b>Total non-current assets</b>		<u>4,390,454</u>	<u>26</u>	<u>4,040,887</u>	<u>26</u>
1XXX	<b>Total assets</b>		<u>\$ 17,013,389</u>	<u>100</u>	<u>\$ 15,598,634</u>	<u>100</u>

(Continued)

Kuo Yang Construction Co., Ltd.  
Individual Balance Sheet  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6 (10)	\$ 5,392,826	32	\$ 4,651,483	30
2110	Short-term notes and bills payable	6 (11)	-	-	527,672	3
2130	Contract liabilities - current	6 (17)	909,875	5	42,781	-
2150	Notes payable		236,224	1	67,358	1
2170	Accounts payable		114,343	1	184,527	1
2219	Other payables - other	7	129,348	1	452,773	3
2230	Current income tax liabilities	6 (24)	18,960	-	56,144	-
2280	Lease liabilities - current		22,403	-	21,255	-
2399	Other current liabilities - other		77,876	1	60,400	1
21XX	<b>Total current liabilities</b>		<u>6,901,855</u>	<u>41</u>	<u>6,064,393</u>	<u>39</u>
<b>Non-current liabilities</b>						
2580	Lease liabilities - non-current		1,216	-	21,707	-
2645	Deposits received		1,591	-	1,711	-
2670	Other non-current liabilities - other		9,051	-	1,246	-
25XX	<b>Total non-current liabilities</b>		<u>11,858</u>	<u>-</u>	<u>24,664</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>6,913,713</u>	<u>41</u>	<u>6,089,057</u>	<u>39</u>
<b>Equity</b>						
	Share capital	6 (13)				
3110	Capital stock - common		3,800,000	22	3,800,000	24
	Capital surplus	6 (14)				
3200	Capital surplus		627,683	3	627,683	4
	Retained earnings	6 (15)				
3310	Legal reserve		1,040,789	6	999,950	7
3320	Special reserve		138,232	1	10,017	-
3350	Undistributed earnings		4,340,439	26	4,210,159	27
	Other equity	6 (16)				
3400	Other equity		152,533	1	(138,232)	(1)
3XXX	<b>Total equity</b>		<u>10,099,676</u>	<u>59</u>	<u>9,509,577</u>	<u>61</u>
	Commitment and contingencies	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 17,013,389</u>	<u>100</u>	<u>\$ 15,598,634</u>	<u>100</u>

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.  
Individual Statements of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand  
(except earnings per share which is expressed in NT\$)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000	Operating revenue	6 (17) \$ 571,021	100	\$ 3,111,563	100
5000	Operating costs	6 (22) (23) ( 342,001)	( 60)	( 2,585,071)	( 83)
5900	Operating profit	229,020	40	526,492	17
	Operating expenses	6 (22) (23)			
6100	Promotion expenses	( 25,808)	( 4)	( 115,299)	( 4)
6200	Administrative expenses	( 216,445)	( 38)	( 306,611)	( 10)
6000	Total operating expenses	( 242,253)	( 42)	( 421,910)	( 14)
6900	Operating profit (loss)	( 13,233)	( 2)	104,582	3
	Non-operating income and expenses				
7100	Interest income	6 (18) 8,278	1	4,616	-
7010	Other income	6 (19) 69,501	12	35,257	1
7020	Other profits and losses	6 (20) ( 8,799)	( 2)	( 8,650)	-
7050	Finance costs	6 (21) ( 19,742)	( 3)	( 27,110)	( 1)
7070	Share of profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method	6 (7) 290,809	51	428,955	14
7000	Total non-operating income and expenses	340,047	59	433,068	14
7900	<b>Pre-tax profit</b>	326,814	57	537,650	17
7950	Income tax expenses	6 (24) ( 22,616)	( 4)	( 51,722)	( 1)
8200	<b>Net profit of the term</b>	\$ 304,198	53	\$ 485,928	16
	<b>Other comprehensive income</b>				
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Remeasurements of defined benefit plan	\$ 781	-	\$ -	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6 (16) 82,997	15	4,321	-
8330	Share of other comprehensive profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method - components that will not be reclassified to profit or loss	6 (16) 202,076	35	( 210,366)	( 7)
8310	Total components of other comprehensive income that will not be reclassified to profit or loss	285,854	50	( 206,045)	( 7)
	<b>Components that may be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	14	-	310	-
8380	Share of other comprehensive profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method - components that may be reclassified to profit or loss	33	-	( 18)	-
8360	Total components that may be reclassified to profit or loss	47	-	292	-
8300	<b>Other comprehensive income (net)</b>	\$ 285,901	50	( \$ 205,753)	( 7)
8500	<b>Total comprehensive income</b>	\$ 590,099	103	\$ 280,175	9
	Basic earnings per share	6 (25)			
9750	Basic earnings per share	\$ 0.80		\$ 1.28	
	Diluted earnings per share	6 (25)			
9850	Diluted earnings per share	\$ 0.80		\$ 1.28	

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang



Kuo Yang Construction Co., Ltd.  
Individual Statements of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NTS thousand

	Notes	Retained earnings				Other equity		Total equity	
		Capital stock - common	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
<u>2022</u>									
Balance as of January 1, 2022		\$ 3,800,000	\$ 627,683	\$ 988,010	\$ -	\$ 3,823,726	\$ 22,034	(\$ 32,051)	\$ 9,229,402
Net profit of the term		-	-	-	-	485,928	-	-	485,928
Other comprehensive income for the period	6 (16)	-	-	-	-	-	292	( 206,045)	( 205,753)
Total comprehensive income		-	-	-	-	485,928	292	( 206,045)	280,175
Earnings appropriation and distribution:	6 (15)								
Allocation to legal reserve		-	-	11,940	-	( 11,940)	-	-	-
Provision for special surplus reserve		-	-	-	10,017	( 10,017)	-	-	-
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	6 (16)	-	-	-	-	( 77,538)	-	77,538	-
Balance as of December 31, 2022		<u>\$ 3,800,000</u>	<u>\$ 627,683</u>	<u>\$ 999,950</u>	<u>\$ 10,017</u>	<u>\$ 4,210,159</u>	<u>\$ 22,326</u>	<u>(\$ 160,558)</u>	<u>\$ 9,509,577</u>
<u>2023</u>									
Balance as of January 1, 2023		\$ 3,800,000	\$ 627,683	\$ 999,950	\$ 10,017	\$ 4,210,159	\$ 22,326	(\$ 160,558)	\$ 9,509,577
Net profit of the term		-	-	-	-	304,198	-	-	304,198
Other comprehensive income for the period	6 (16)	-	-	-	-	781	47	285,073	285,901
Total comprehensive income		-	-	-	-	304,979	47	285,073	590,099
Earnings appropriation and distribution:	6 (15)								
Allocation to legal reserve		-	-	40,839	-	( 40,839)	-	-	-
Provision for special surplus reserve		-	-	-	128,215	( 128,215)	-	-	-
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	6 (16)	-	-	-	-	( 5,645)	-	5,645	-
Balance as of December 31, 2023		<u>\$ 3,800,000</u>	<u>\$ 627,683</u>	<u>\$ 1,040,789</u>	<u>\$ 138,232</u>	<u>\$ 4,340,439</u>	<u>\$ 22,373</u>	<u>\$ 130,160</u>	<u>\$ 10,099,676</u>

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.  
Individual Cash Flow Statement  
January 1 to December 31, 2023 and 2022

Unit: NTS thousand

	Notes	2023	2022
<b>Cash Flows from Operating Activities</b>			
Net profit before tax of the current period		\$ 326,814	\$ 537,650
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6 (22)	27,150	24,453
Amortization cost	6 (22)	661	542
Interest expenses	6 (21)	19,742	27,110
Interest income	6 (18)	( 8,278)	( 4,616)
Dividend income	6 (19)	( 8,202)	( 24,481)
Share of profit (loss) of affiliates and joint ventures recognized under the equity method	6 (7)	( 290,809)	( 428,955)
Net gains (losses) on financial assets at fair value through profit or loss	6 (20)	( 580)	2,973
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		( 20,572)	( 18,434)
Notes receivable, net		( 48,721)	( 10,595)
Accounts receivable, net		( 29,734)	431,580
Other receivables		3,977	261,213
Other receivables - related parties		11,286	49,689
Inventories		( 864,781)	( 545,656)
Prepayments		( 19,626)	125,384
Other current assets		( 163,768)	31,747
Other financial assets		( 323,005)	609
Other non-current assets		1,927	51,104
Changes in operating liabilities			
Contract liabilities		867,094	( 825,867)
Notes payable		168,866	( 177,295)
Accounts payable		( 70,184)	( 184,637)
Other payables		( 249,622)	242,782
Other current liabilities		17,476	( 22,555)
Cash outflow from operations		( 652,889)	( 456,255)
Interest received		8,278	4,616
Interest paid		( 136,444)	( 108,294)
Dividends received		212,920	124,531
Income tax paid		( 59,963)	( 181,300)
Net cash outflow from operating activities		( 628,098)	( 616,702)
<b>Cash Flows from Investing Activities</b>			
Acquisition of current financial assets at fair value through other comprehensive income		( 5,408)	( 5,060)
Disposal of current financial assets at fair value through other comprehensive income	6 (3)	5,277	176,719
Acquisition of non-current financial assets at fair value through other comprehensive income	7	-	( 59,548)
Acquisition of payments for investments recognized under the equity method		-	( 240,000)
Acquisition of property, plant and equipment		( 10,099)	( 1,968)
Acquisition of intangible assets		( 624)	-
Increase in refundable deposits		( 63,639)	( 22,931)
Decrease in refundable deposits		58,581	74,407
Net cash used in investing activities		( 15,912)	( 78,381)
<b>Cash Flows from Financing Activities</b>			
Increase in short-term loans	6 (26)	1,973,913	3,605,850
Decrease in short-term borrowings	6 (26)	( 1,232,570)	( 3,080,133)
Increase in short-term notes and bills payable	6 (26)	871,555	2,752,090
Decrease in short-term notes and bills payable	6 (26)	( 1,400,055)	( 3,178,930)
Increase in guarantee deposits received	6 (26)	4	360
Decrease in guarantee deposits received	6 (26)	( 124)	( 1,107)
Repayments of lease liabilities	6 (26)	( 21,482)	( 20,773)
Cash inflow generated from financing activities, net		191,241	77,357
Decrease in cash and cash equivalents		( 452,769)	( 617,726)
Cash and cash equivalents at beginning of period		1,464,782	2,082,508
Cash and cash equivalents at end of period		\$ 1,012,013	\$ 1,464,782

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.  
Notes to Individual Financial Statements  
2023 and 2022

Unit: NT\$ thousand  
(Unless specified otherwise)

I. Company history

Kuo Yang Construction Co., Ltd. (hereinafter referred to as the "Company") was established in June 1972. The Company is engaged in the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings. The Company has been listed on the Taiwan Stock Exchange since November 14, 1979.

II. Date and procedures of approval of the financial statements

The Individual Financial Report was released with the approval of the Board of Directors on March 13, 2024.

III. Application of new standards, amendments and interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards as endorsed and promulgated to be effective by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

1. New, revised, and amended standards, interpretations and amendments to the IFRS endorsed by the FSC and promulgated to be effective from 2023 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1, "Accounting Policy Disclosure"	January 1, 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	May 23, 2023

2. The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

(II) Effects of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

1. New, revised, and amended standards, interpretations and amendments endorsed by the FSC effective from 2024 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, "Lease Liabilities in a Sale and Leaseback"	January 1, 2024
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 Finance Arrangements"	January 1, 2024

2. The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

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

1. New, revised, and amended IFRSs and interpretations issued by IASB but not yet endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</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
Amendment to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendment to IAS 21 "Lack of Exchangeability"	January 1, 2025

2. The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

IV. Summary of significant accounting policies

The material accounting policies applied in the preparation of the Individual Financial Report are summarized as follows: Except as stated otherwise, such policies have been consistently applied to all the periods presented.

(I) Statement of compliance

The individual financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(II) Basis of preparation

1. Except for the following items, these individual financial statements have been prepared under the historical cost convention:
  - (1) Financial assets at fair value through profit or loss.
  - (2) Financial assets at fair value through other comprehensive income.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC and promulgated to be effective (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the individual financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the individual financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e., the "functional currency"). The Individual Financial Report is presented in NTD which is the Company's functional currency.

1. Foreign currency transactions and balances
  - (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
  - (2) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss in the period in which they arise.
  - (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
  - (4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses" based on the nature of the transactions.

## 2. Translation of foreign operations

- (1) The operating results and financial position of the Company, subsidiaries, and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

### (IV) Classification of current and non-current items

The Company engages in commissioned construction of buildings or plants for sale with business cycles which are generally more than 1 year. Assets and liabilities related to the construction business are classified as current or non-current based on the business cycle. The standards for the classification of current and non-current accounts are as follows:

1. Assets that meet one of the following criteria are classified as current assets:
  - (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (2) Liabilities arising mainly from trading activities;
  - (3) Assets that are expected to be realized within twelve months from the balance sheet date; or
  - (4) Cash, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.Assets not meeting the above criteria are classified by the Company as non-current assets.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
  - (1) Liabilities that are expected to be paid off within the normal operating cycle;
  - (2) Liabilities arising mainly from trading activities;
  - (3) Liabilities that are to be paid off within twelve months from the balance sheet date; or
  - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities not meeting the above criteria are classified by the Company as non-current assets.

(V) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VI) Financial assets at fair value through profit or loss

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using transaction date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. The Company recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

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

1. The Company may make irrevocable election at initial recognition to recognize the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive profit or loss are recognized and derecognized using transaction date accounting.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:  
The changes in fair value of equity instruments are recognized in other comprehensive income. The cumulative gain or loss previously recognized in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. The Company recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(VIII) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost at each balance sheet date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Company recognizes the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(X) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XI) Lease transaction as a lessor - rent receivable/operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XII) Inventories

1. Inventories include construction land, houses and land under construction, and houses and land to be sold which are initially recorded at cost. Construction profit and loss is recognized based on the completed-contract method. Construction land is listed as houses and land under construction when they are under active development. The related interest expenses are capitalized in the period from active development or commencement of construction till the completion of construction.
2. Inventories at the end of the period is measured based on the cost and net realizable value, whichever is lower. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable expenses.

(XIII) Investments/subsidiaries and affiliates recognized under the equity method

1. "Subsidiaries" are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Inter-company transactions, balances and unrealized gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary, the Company shall continue to recognize losses based on the shareholding percentage.



4. Affiliates are all entities over which the Company has significant influence but not control. In general, it is presumed that an investor has significant influence if the investor holds, directly or indirectly, 20% or more of the voting rights of the investee. Investments in affiliates are accounted for through the equity method and are initially recognized at cost.
5. The Company's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an affiliate equals or exceeds its interest in the affiliate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the affiliate.
6. When changes in an affiliate's equity do not arise from profit or loss or other comprehensive income of the affiliate and such changes do not affect the Company's ownership percentage of the affiliate, the Company recognizes change in ownership interests in the affiliate in "capital surplus" in proportion to its ownership.
7. Unrealized gains on transactions between the Company and its affiliates are eliminated to the extent of the Company's interest in the affiliates. Unrealized losses are also eliminated unless evidence of an impairment of the asset transferred in the transaction is provided. Accounting policies of affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. When the Company disposes its investment in an affiliate and loses significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss, on the same basis as would be required if the Company directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Company loses material influence over this affiliate, the profit and loss shall be transferred from equity and reclassified as profit or loss. If it retains significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
9. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current-period profit and loss and other consolidated profit or loss in the individual financial statements shall be the same as the current profit or loss in the individual financial statements and the amortized amount in the other consolidated profit or loss attributable to owners of parent company. The equity attributable to owners of the Company in the individual financial statements shall be equal to the equity attributable to owners of the parent company in the consolidated financial statements.

(XIV) Joint operations

With regard to equity in joint operations, the Company recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Financial Report.

(XV) Property, plant and equipment

1. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting policies, changes in accounting estimates and errors", from the date of the change. The estimated useful life of real property is 50 years and the useful life of other assets is 3-5 years.

(XVI) Lease transaction as a lessee - right-of-use assets/lease liabilities

1. The Company recognizes lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease payments are recognized as expenses using the straight-line method during the lease term.
2. On the commencement date, the Company measures lease liabilities by the present value of outstanding lease payments, using the Company's incremental borrowing rate. Lease payments include
  - (1) Fixed payments less any lease incentives receivable; and
  - (2) Variable lease payments determined by changes in an index or rate.In subsequent periods, the Company measures lease liabilities at amortized cost using the effective interest method and recognizes interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Company will remeasure the lease liabilities. The remeasurement amount is then recognized as an adjustment to the right-of-use assets.
3. Lease liabilities are recognized at cost on the starting date of the lease. The cost includes:
  - (1) the original measurement amount of the lease liabilities;
  - (2) any lease payments made on or before the commencement date;
  - (3) any original direct cost incurred; and
  - (4) Estimated cost for the dismantling and removal of the asset and the restoration of its location, or the estimated cost for the restoration of conditions specified in the lease criteria and conditions.

The right-of-use assets are subsequently measured by adopting the cost model. The

Company depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(XVII) Investment properties

An investment property is measured initially at its cost and subsequently measured under the cost approach. Except for land, the depreciation is recognized on a straight-line basis over a useful life of 30 to 60 years.

(XVIII) Intangible assets

Intangible assets include computer software which is recognized at acquisition cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(XIX) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XX) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXI) Accounts and notes payable

1. Accounts payable are the liabilities for purchases of raw materials, goods, or services, and notes payable generated from operations and those not generated from operations.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXII) Financial guarantee contracts

Financial guarantee contracts are contracts for which the Company must pay specific benefits to reimburse the holder of debt instruments for losses incurred when a specific debtor is unable to repay its debts upon maturity in accordance with the terms of the original or modified debt instrument. At initial recognition, the Company measures the financial guarantee contracts at fair value. The Company subsequently measures them based on the impairment provision for the expected credit losses and recognized cumulative earnings, whichever is higher.

(XXIII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits

expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

2. Pension

Defined contribution plans

For defined contribution plans, the contributions shall be recognized as pension expenses when they are due on an accrual basis. Prepaid contributions shall be recognized that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.

3. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' remuneration is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the Board of Directors' resolution.

(XXIV) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted as of the balance sheet date in the countries where the Company operates and generates taxable income. The income tax is levied on the unappropriated retained earnings and is recorded as income tax expense for the year after the shareholders' meeting passes the earnings distribution proposal in the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the individual balance sheet. The deferred income tax is not accounted if it arises from initial recognition of an asset or liability in a transaction (excluding business mergers) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and affiliates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXV) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXVI) Revenue recognition

Land development and real property sales

1. The Company operates land development and real property sales. Revenue is recognized when the control of the real property is transferred to customers. For contracts for the sale of residential properties, the real property has no other use to the Company due to contract restrictions. However, the Company has an enforceable right to the contract payments only when the legal title or use of the real estate is transferred to the customer. Therefore, revenue is recognized when the legal title or use is transferred to the customer.
2. Some of the Company's sales contracts include variable consideration for price reduction and the Company uses the expected or most probable amount as the appropriate estimated value for variable consideration.
3. The Company has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. According to IFRS 15, if the Company determines that there are material financial compositions in the individual contracts for pre-sales houses, it is required to adjust the pledged consideration and recognize interest expenses. IFRS 15 also states that companies should consider the materiality of financial components only at the level of the contract and not at the level of the portfolio when determining whether a financial loan is material.

Labor services services

The Company provides consultancy services for planning, construction, and sales of construction development projects, and executes relevant services accordingly. Labor services are recognized as revenue when providing services to customers during the financial reporting period. The customer is required to pay at the time specified in the payment schedule. A contract asset is recognized when the services provided by the Company exceed the payment, while a contract liability is recognized when the payments exceed the services provided by the Company.

V. Significant accounting judgments, estimates and main uncertainty assumptions

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Refer to the explanation on significant accounting judgments, estimates, and uncertainty assumptions below. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year,

(I) Critical judgments in applying accounting policies

None.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The management of the Company mainly uses past experience and estimates of future market sales value as the basis for estimation. Therefore, there may be significant changes.

The Company's inventory information as of December 31, 2023 is detailed in Note 6 (5).

VI. Details of significant accounts

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 2,549	\$ 4,055
Demand deposits	1,008,476	1,460,648
Cheque deposits	988	79
	<u>\$ 1,012,013</u>	<u>\$ 1,464,782</u>

1. The Company transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company's revenue from pre-sales placed in a trust account is limited in use and the limitations are recognized in "other financial assets". Please refer to Note 8.

(II) Current financial assets at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Mandatory measurement of financial assets at fair value through profit or loss		
Beneficiary certificates	\$ 15,000	\$ 15,000
Valuation adjustment	( 2,590)	( 3,170)
	<u>\$ 12,410</u>	<u>\$ 11,830</u>

1. The Company recognized net gain (loss) of \$580 and \$2,973 within financial assets at fair value through profit or loss for 2023 and 2022 based on the financial assets at fair value through profit or loss.
2. The Company has no financial assets at fair value through profit or loss pledged to others.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current items</u>		
Listed stocks	\$ 181,345	\$ 181,345
Valuation adjustment	( 37,980)	( 61,817)
	<u>\$ 143,365</u>	<u>\$ 119,528</u>
<u>Non-current items</u>		
Stocks no listed on the TWSE, TPEX, or emerging stocks	\$ 257,824	\$ 257,824
Valuation adjustment	118,125	58,834
	<u>\$ 375,949</u>	<u>\$ 316,658</u>

1. The Company opted to classify strategic investments and investments in equity instruments with stable dividend payments as financial assets at fair value through profit or loss. The fair value of such investments as of December 31, 2023 and 2022 were \$519,314 and \$436,186, respectively.
2. Based on the Company's financial plans for 2023 and 2022, the Company disposed of shares of listed companies with a fair value of \$5,277 and \$176,719. The cumulative gains (losses) from disposal totaled (\$131) and (\$1,059).
3. Amounts recognized in other comprehensive income in relation to the financial assets at fair value in income and other comprehensive income are listed below:

	<u>2023</u>	<u>2022</u>
<u>Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss</u>		
Changes in fair value recognized in other comprehensive income	<u>\$ 82,997</u>	<u>\$ 4,321</u>
Cumulative gains (losses) converted to retained earnings due to derecognition	<u>( \$ 131)</u>	<u>( \$ 1,059)</u>

4. The Company has no financial assets at fair value through other comprehensive profit or loss pledged to others.

(IV) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 109,944	\$ 61,223
Accounts receivable	51,195	21,461
Accounts receivable due from related parties	150	150
	<u>\$ 161,289</u>	<u>\$ 82,834</u>

1. The Company has no notes and accounts receivable pledged to others.
2. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balance of the Company's accounts receivable (including notes receivable) were \$160,413, \$82,651 and \$503,395, respectively.
3. If the collaterals held or other credit enhancement tools are disregarded, the amount that best represents the Company's maximum exposure to credit risk for notes and accounts receivable as of December 31, 2023 and 2022 is the carrying amount of the notes and accounts receivable in each period.
4. The aforementioned notes and accounts receivable are notes and accounts that are not past due or impaired.
5. Please refer to Note 12 (2) for relevant credit risk information.

(V) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Houses and land held for sale</u>		
Beautiful Tree Hall	\$ 910	\$ 910
Kuo Yan Project	1,019,057	1,047,546
Kuo Yang The Green Place Project (Ziwei, Ruhaku, Kanazawa)	306,625	635,300
South Manor Project (Wenshan Gongxun Section Project)	-	4,326
	<u>1,326,592</u>	<u>1,688,082</u>
Minus: Allowance for valuation losses	( 197,338)	( 241,142)
	<u>1,129,254</u>	<u>1,446,940</u>
<u>Houses and land under construction</u>		
Kuo Yang The Green Place Project (The Green World)	202,114	33,246
Good morning, Kuo Yang Phase 2 (Keelung Tiaohe Section Project)	334,135	327,135
Kuo Yang Intercontinental Project (formerly Neihu Jiuzong Project)	2,208,553	1,913,082
Kuo Yang Jilin Project (formerly Jilin Urban Renewal Project)	462,841	179,595
Kuo Yang Digital Project (formerly Sanchong Project)	1,435,049	-
Kaohsiung Gushan Project	1,484,370	-
	<u>6,127,062</u>	<u>2,453,058</u>



	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Land for construction and others</u>		
Zhudong Project	\$ 251,872	\$ 251,872
Minquan East Road Project	273,821	273,821
Jingmei Section	40,174	40,174
Kaohsiung Yunwen Section	108,170	108,170
Tucheng Section	1,333,834	1,240,546
Kuo Yang Digital Project (formerly Sanchong Project)	-	1,242,518
Kaohsiung Gushan Project	-	1,429,195
Guowang Xiwan Road Project	1,127,733	1,006,094
Other	69,012	59,959
	<u>3,204,616</u>	<u>5,652,349</u>
Minus: Allowance for valuation losses	( 170,970)	( 170,970)
	<u>3,033,646</u>	<u>5,481,379</u>
<u>Prepayments for houses and land and others</u>		
Kuo Yang The Green Place Project (The Green World)	354,076	354,076
	<u>\$ 10,644,038</u>	<u>\$ 9,735,453</u>

1. The Company recognized cost of inventories as expenses totaling \$340,852 and \$2,583,922 in 2023 and 2022, respectively. They included the gains on reversal recognized as a result of the recovery in net realizable value totaling \$43,804 and \$194,214. This is mostly attributable to the Company's sales of certain inventories of which the net realizable value was lower than the cost, hence, the net realizable value was recovered.
2. In 2023 and 2022, the amount of inventory interest capitalization was \$119,226 and \$78,364, respectively. The interest capitalization rates ranged from 2.30% to 3.00% and 1.80% to 3.00%, respectively.
3. Please refer to Note 8 for detailed information on the Company's use of inventory as collateral.

(VI) Joint operations

1. The Company operates certain development projects through joint operations. With regard to equity in joint operations, the Company recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Individual Financial Report.

2. The information on the joint operations held by the Company is as follows:

Project name	Percentage held	Landowner or joint builder	Description
Kuo Yang The Green Place Project	65%	Five companies including Wei Li International Development Co., Ltd.	Annan District, Tainan City
Good morning, Kuo Yang Project	55%	Chi Hsuan Construction Co., Ltd., Tsang Shan Development Co., Ltd.	Zhongzheng District, Keelung City
Kuo Yang Intercontinental Project (Formerly Neihu Jiuzong Project)	50%	Five companies including Wei Li International Development Co., Ltd.	Neihu District, Taipei City
Tucheng Project	50%	Four companies including Wei Li International Development Co., Ltd.	Tucheng District, New Taipei City
Kuo Yang Digital Project (Formerly Sanchong Project)	50%	Four companies including Wei Li International Development Co., Ltd.	Sanchong District, New Taipei City
Kaohsiung Gushan Project	50%	Six companies including Wei Li International Development Co., Ltd.	Gushan District, Kaoshiung
Guowang Xiwan Road Project	50%	Four companies including Wei Li International Development Co., Ltd.	Xizhi District, New Taipei City
Huangpu New Village Project	50%	Radeq Enterprise Co., Ltd.	Songshan District, Taipei City

3. The information on the shares of joint operations held by the Company is compiled as follows:

Balance Sheet	December 31, 2023		
	Kuo Yang Intercontinental Project	The Green Place Project	Other joint construction operations
Current assets			
Inventories	\$ 2,208,553	\$ 862,815	\$ 5,642,058
Other current assets	50,997	424,070	792,156
	<u>2,259,550</u>	<u>1,286,885</u>	<u>6,434,214</u>
Non-current assets	-	23,791	16,297
Total assets	<u>\$ 2,259,550</u>	<u>\$ 1,310,676</u>	<u>\$ 6,450,511</u>
Current liabilities			
Short-term borrowings	\$ 1,351,858	\$ -	\$ 3,383,119
Short-term notes and bills payable	-	-	-
Contract liabilities	21,098	144,197	529,714
Other current liabilities	286,496	44,165	60,737
	<u>1,659,452</u>	<u>188,362</u>	<u>3,973,570</u>
Non-current liabilities	-	-	-
Total liabilities	<u>\$ 1,659,452</u>	<u>\$ 188,362</u>	<u>\$ 3,973,570</u>
Statement of Comprehensive Income			
Revenue	\$ -	\$ 462,140	\$ 18,028
Cost	\$ -	\$ 343,612	\$ 17,973
Fees	\$ 1,290	\$ 22,351	\$ 4,655

<u>Balance Sheet</u>	December 31, 2022		
	Kuo Yang Intercontinental Project	The Green Place Project	Other joint construction operations
Current assets			
Inventories	\$ 1,913,082	\$ 1,022,622	\$ 5,212,003
Other current assets	47,661	356,640	299,968
	<u>1,960,743</u>	<u>1,379,262</u>	<u>5,511,971</u>
Non-current assets	99	23,811	21,470
Total assets	<u>\$ 1,960,842</u>	<u>\$ 1,403,073</u>	<u>\$ 5,533,441</u>
Current liabilities			
Short-term borrowings	\$ 1,305,890	\$ 53,430	\$ 3,256,024
Short-term notes and bills payable	-	186,953	-
Contract liabilities	-	11,228	2,043
Other current liabilities	84,624	57,835	86,042
	<u>1,390,514</u>	<u>309,446</u>	<u>3,344,109</u>
Non-current liabilities	-	-	120
Total liabilities	<u>\$ 1,390,514</u>	<u>\$ 309,446</u>	<u>\$ 3,344,229</u>
<u>Statement of Comprehensive Income</u>			
Revenue	<u>\$ 1,429</u>	<u>\$ 703,195</u>	<u>\$ 1,929,655</u>
Cost	<u>\$ -</u>	<u>\$ 598,106</u>	<u>\$ 1,740,309</u>
Fees	<u>\$ 1,277</u>	<u>\$ 39,603</u>	<u>\$ 61,097</u>

(VII) Investments recognized under the equity method

	December 31, 2023	December 31, 2022	Shareholding ratio
Subsidiaries:			
Shen Yang Construction Co., Ltd.	\$ 1,654,912	\$ 1,614,534	100%
Shang Yang International Asset Management Co., Ltd.	648,268	647,160	100%
Star Epoch International Co., Ltd.	239,391	240,098	80%
SHADWELL LIMITED	2,356	2,389	100%
Affiliate enterprises:			
Hanshin Shopping Plaza Co., Ltd.	1,187,647	940,755	20%
Sweet Me Hot Spring Resort Co., Ltd.	12,571	11,212	20%
	<u>\$ 3,745,145</u>	<u>\$ 3,456,148</u>	

1. Refer to Note 4 (3) of the 2023 Consolidated Financial Statements for information on the Company's subsidiaries.

2. The carrying amounts of the Company's individual insignificant affiliates as of December 31, 2023 and 2022 are shown in the table above, and the results of operations are as follows:

	<u>2023</u>	<u>2022</u>
Net profit from continuing operations for the period	\$ 237,576	\$ 194,222
Other comprehensive income (net income after tax)	110,725	( 52,004)
Total comprehensive income	<u>\$ 348,301</u>	<u>\$ 142,218</u>

3. The Company's aforementioned investment targets have no public quotations on the market. The share of profit/loss on equity-accounted investee companies in 2023 and 2022 was \$290,809 and \$428,955, respectively. They were evaluated and disclosed based on the audited financial statements of each investee company for the same periods.

(VIII) Lease transaction - lessee

1. The assets leased by the Company include buildings and office equipment and the lease term is generally between 1 and 6 years. The lease contracts are negotiated individually and contain various terms and conditions without other restrictions except for the leased assets restricted to pledge to others.
2. The information of the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	<u>2023</u>		
	<u>Real estate rental and leasing</u>	<u>Transportation equipment</u>	<u>Total</u>
<u>January 1, 2023</u>			
Cost	\$ 117,557	\$ -	\$ 117,557
Accumulated depreciation	( 78,392)	-	( 78,392)
	<u>\$ 39,165</u>	<u>\$ -</u>	<u>\$ 39,165</u>
January 1	\$ 39,165	\$ -	\$ 39,165
New addition/lease modification	7,727	2,139	9,866
Depreciation	( 21,031)	( 238)	( 21,269)
December 31	<u>\$ 25,861</u>	<u>\$ 1,901</u>	<u>\$ 27,762</u>
December 31			
Cost	\$ 125,284	\$ 2,139	\$ 127,423
Accumulated depreciation	( 99,423)	( 238)	( 99,661)
	<u>\$ 25,861</u>	<u>\$ 1,901</u>	<u>\$ 27,762</u>

	2022		
	Real estate rental and leasing	Transportation equipment	Total
<u>January 1, 2022</u>			
Cost	\$ 117,557	\$ -	\$ 117,557
Accumulated depreciation	( 58,810)	-	( 58,810)
	<u>\$ 58,747</u>	<u>\$ -</u>	<u>\$ 58,747</u>
January 1	\$ 58,747	\$ -	\$ 58,747
New addition/lease modification	-	-	-
Depreciation	( 19,582)	-	( 19,582)
December 31	<u>\$ 39,165</u>	<u>\$ -</u>	<u>\$ 39,165</u>
December 31			
Cost	\$ 117,557	\$ -	\$ 117,557
Accumulated depreciation	( 78,392)	-	( 78,392)
	<u>\$ 39,165</u>	<u>\$ -</u>	<u>\$ 39,165</u>

3. The information on the lease contract affecting profit or loss is as follows:

	2023	2022
<u>Items affecting current profit or loss</u>		
Interest expense from lease liabilities	\$ 686	\$ 1,104
Rent expense of short-term leases	2,798	2,606
Income from lease of right-of-use assets	558	844

4. The cash flows used in the lease payments of the Company in 2023 and 2022 amounted to \$24,966 and \$24,483, respectively.

(IX) Investment properties

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1, 2023			
Cost	\$ 65,657	\$ 49,924	\$ 115,581
Accumulated depreciation and impairment	( 28,643)	( 26,414)	( 55,057)
	<u>\$ 37,014</u>	<u>\$ 23,510</u>	<u>\$ 60,524</u>
<u>2023</u>			
January 1	\$ 37,014	\$ 23,510	\$ 60,524
Depreciation	-	( 1,149)	( 1,149)
December 31	<u>\$ 37,014</u>	<u>\$ 22,361</u>	<u>\$ 59,375</u>
December 31, 2023			
Cost	\$ 65,657	\$ 49,924	\$ 115,581
Accumulated depreciation and impairment	( 28,643)	( 27,563)	( 56,206)
	<u>\$ 37,014</u>	<u>\$ 22,361</u>	<u>\$ 59,375</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1, 2022			
Cost	\$ 65,657	\$ 49,924	\$ 115,581
Accumulated depreciation and impairment	( 28,643)	( 25,266)	( 53,909)
	<u>\$ 37,014</u>	<u>\$ 24,658</u>	<u>\$ 61,672</u>
<u>2022</u>			
January 1	\$ 37,014	\$ 24,658	\$ 61,672
Depreciation	-	( 1,148)	( 1,148)
December 31	<u>\$ 37,014</u>	<u>\$ 23,510</u>	<u>\$ 60,524</u>
December 31, 2022			
Cost	\$ 65,657	\$ 49,924	\$ 115,581
Accumulated depreciation and impairment	( 28,643)	( 26,414)	( 55,057)
	<u>\$ 37,014</u>	<u>\$ 23,510</u>	<u>\$ 60,524</u>

1. Rent income and direct operating expenses from investment properties:

	<u>2023</u>	<u>2022</u>
Rent income from investment properties	\$ 3,555	\$ 2,948
Direct operating expenses incurred by investment properties that generate rent income in the current period	( \$ 1,626)	( \$ 1,632)

2. The fair value of the investment properties held by the Company as of December 31, 2023 and 2022 was \$123,603 and \$118,946, respectively. They were determined based on the appraisal report prepared by external appraisal experts or comparisons with recent transaction prices of similar targets in the area of the investment properties. The fair value is determined based on property rights, regional factors, individual factors, current conditions of the real estate market, and the subject of the survey, and is evaluated based on the comparison approach and the income approach, which are level 2 and level 3 fair values, respectively.
3. Please refer to Note 8 for detailed information on the Company's use of investment properties as collateral.

(X) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	\$ 5,392,826	2.35%~2.76%	Please refer to Note 8
	<u>\$ 5,392,826</u>		
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	\$ 4,651,483	2.30%~2.89%	Please refer to Note 8
	<u>\$ 4,651,483</u>		

(XI) Short-term notes and bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial papers payable	\$ -	\$ 528,500
Minus: Discounted short-term notes and bills payable	-	( 828)
Net amount	<u>\$ -</u>	<u>\$ 527,672</u>
Interest rate range	<u>-</u>	<u>1.30%~1.66%</u>

(XII) Pension

Effective July 1, 2005, the Company has established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance for employees who opt for the pension system in the "Labor Pension Act". The contribution plan accrues dividends from an employee's individual account and is paid monthly or in lump sum upon retirement of an employee. The pension costs recognized by the Company in accordance with the above pension plan were \$3,870 and \$3,482 in 2023 and 2022.

(XIII) Share capital

As at December 31, 2023 and 2022, the Company's authorized capital was \$7,000,000 and the paid-in capital was both \$3,800,000. The par value per share is \$10. The payment for all issued shares of the Company has been collected. The beginning and the ending of the Company's ordinary shares outstanding in 2023 and 2022 were both 380,000 thousand shares.

(XIV) Capital surplus

Item	December 31, 2023	December 31, 2022
Paid-in capital in excess of par value of common stock	\$ 596,116	\$ 596,116
Changes in subsidiary's equity	1,724	1,724
Gain on disposal of assets	3,323	3,323
Donations	17,652	17,652
Changes in net value of equity of affiliates and joint ventures recognized under the equity method	8,868	8,868
	\$ 627,683	\$ 627,683

According to the Company Act, capital surplus can only be used to offset losses. However, capital surplus arising from shares issued at premium (including the issuance of common shares at premium, capital stock premiums as a result of stock issuance due to a merger, and treasury stock transactions) and donations received may be used, in part or in whole, for the distribution of new shares or cash based on the shareholders' original shareholding ratio in accordance with a resolution of the shareholders' meeting when the Company does not have deficits. The Company may use capital surplus to offset losses only when the legal reserve cannot fully cover capital losses. The capital surplus recognized as long-term equity investments under the equity method cannot not be used for any purpose.

(XV) Retained earnings

1. According to the earnings distribution policy in the Articles of Incorporation of the Company, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.
2. The shareholders' meeting approved the amendment of the Articles of Incorporation in a resolution on Friday, June 17, 2022. According to the Company's earnings distribution policy in the Articles of Incorporation, the Company has deleted the Article stating that it may proceed with the distribution of earnings of making up for losses at the end of each quarter in accordance with the Company Act.



3. The legal reserve may only be used for offsetting deficits and the distribution of new shares or cash based on the shareholders' original shareholding ratio. However, when new shares or cash dividends are distributed, the distribution shall be restricted to the legal reserve in excess of 25% of the paid-in capital.
4. When the Company distributes earnings, it shall first appropriate funds for the special reserve from the balance of other equities of borrowers as of the balance sheet date of the current year in accordance with laws and regulations. Once the balance of other equities of borrowers has been reversed, the reversed amount may be calculated as distributable earnings.
5. The Company's dividend policy is set up in accordance with the Company Act and the Articles of Incorporation and determined by the Company's financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT\$10 billion, the cash dividends shall not be less than 50%.
6. The appropriations of 2022 and 2021 earnings were approved by the shareholders' meeting on June 13, 2023 and June 17, 2022, respectively. Details are summarized as follows:

	2022		2021	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserve	\$ 40,839	\$ -	\$ 125,878	\$ -
Special reserve	128,215	-	10,017	-
Cash dividends	-	-	380,000	1.0

7. The 2023 earnings distribution proposal was approved by the Board of Directors on Wednesday, March 13, 2024, and details are as follows:

	2023	
	Amount	Dividends per share (NT\$)
Legal reserve	\$ 29,933	\$ -
Reversal of special reserve	138,232	-
Cash dividends	152,000	0.4

8. Please refer to Note 6 (23) for more information on employees' remuneration and Directors' remuneration.

(XVI) Other equity interests

	2023		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1	\$ 22,326	( \$ 160,558)	( \$ 138,232)
Valuation adjustment - the Company	-	192,940	192,940
Valuation adjustment - subsidiaries	-	92,133	92,133
Valuation adjustment transferred to retained earnings	-	5,645	5,645
Currency translation differences	47	-	47
December 31	<u>\$ 22,373</u>	<u>\$ 130,160</u>	<u>\$ 152,533</u>

	2022		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1	\$ 22,034	( \$ 32,051)	( \$ 10,017)
Valuation adjustment - the Company	-	( 47,684)	( 47,684)
Valuation adjustment - subsidiaries	-	( 158,361)	( 158,361)
Valuation adjustment transferred to retained earnings	-	77,538	77,538
Currency translation differences	292	-	292
December 31	<u>\$ 22,326</u>	<u>( \$ 160,558)</u>	<u>( \$ 138,232)</u>

(XVII) Operating revenue

	2023	2022
Revenue from contracts with customers	\$ 562,647	\$ 3,101,474
Rental income	8,374	10,089
	<u>\$ 571,021</u>	<u>\$ 3,111,563</u>

1. Detailed items of revenues from contracts with customers

The Company's revenue is derived from the transfer of product and services at certain points in time or gradual transfer as time progresses. Revenue by operation is further divided as follows:

<u>2023</u>	<u>Sales of construction projects</u>	<u>Other</u>	<u>Total</u>
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 511,288	\$ -	\$ 511,288
- Revenue transferred gradually as time progresses	-	51,359	51,359
	<u>\$ 511,288</u>	<u>\$ 51,359</u>	<u>\$ 562,647</u>

<u>2022</u>	<u>Sales of construction projects</u>	<u>Other</u>	<u>Total</u>
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 3,080,217	\$ -	\$ 3,080,217
- Revenue transferred gradually as time progresses	-	21,257	21,257
	<u>\$ 3,080,217</u>	<u>\$ 21,257</u>	<u>\$ 3,101,474</u>

2. The total amounts in the apportionment of the transactions and estimated year of revenue recognition for the Company's outstanding contract performance obligations for sales contracts signed as of December 31, 2023 are as follows:

Estimated year of revenue recognition	Amount in signed contracts
<u>2024~2027</u>	<u>\$ 5,344,954</u>

3. Contract assets and contract liabilities

The Company recognizes revenues generated by customer contracts, and the following contract assets and contract liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets - current:			
Labor services services	\$ 39,006	\$ 18,434	\$ -
Contract liabilities - current:			
- Advance receipt of land payment	\$ 499,522	\$ 28,537	\$ 552,436
- Advance receipt of property payment	380,183	14,244	316,212
- Labor services services	30,170	-	-
	<u>\$ 909,875</u>	<u>\$ 42,781</u>	<u>\$ 868,648</u>

(1) The Company has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. The Company recognizes contract liabilities related to the pre-sales house contracts in accordance with IFRS 15.

(2) Opening contract liabilities recognized as income in the current period

	<u>2023</u>	<u>2022</u>
Opening balance of contract liabilities recognized as income in the current period		
Construction project sales contract	13,271	849,366
	<u>\$</u>	<u>\$</u>

(3) Contract modifications and variable consideration

In 2023 and 2022, as the contract price of the certain project development contracts for the operation and management service revenue was revised according to the partners' supplementary agreement, and the Company's contract obligations are labor services that cannot be separated, the Company has considered the most appropriate estimate and recognized an catch-up adjustment to revenue of \$0 and \$1,731, respectively, based on the amended contracts.

(XVIII) Interest income

	<u>2023</u>	<u>2022</u>
Interest from bank deposits	\$ 8,008	\$ 2,780
Other interest income	270	1,836
	<u>\$ 8,278</u>	<u>\$ 4,616</u>

(XIX) Other income

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 8,202	\$ 24,481
Other	61,299	10,776
	<u>\$ 69,501</u>	<u>\$ 35,257</u>

(XX) Other profits and losses

	<u>2023</u>	<u>2022</u>
Net gains (losses) on financial assets at fair value through profit or loss	\$ 580	(\$ 2,973)
Other	(9,379)	(5,677)
	<u>(\$ 8,799)</u>	<u>(\$ 8,650)</u>

(XXI) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expenses:		
Bank borrowings	\$ 126,511	\$ 82,990
Interest on short-term notes and bills payable	8,074	14,908
Other	4,383	7,576
	<u>138,968</u>	<u>105,474</u>
Minus: Amount eligible for asset capitalization	(119,226)	(78,364)
Finance costs	<u>\$ 19,742</u>	<u>\$ 27,110</u>

(XXII) Additional information on expenses

	2023	2022
Construction cost in this period	\$ 340,852	\$ 2,583,922
Employee benefit expenses	114,910	119,610
Depreciation	27,150	24,453
Amortization of intangible assets	661	542
Tax expenses	13,203	13,643
Professional service expenses	19,584	22,093
Advertising expenses	4,188	9,973
Commission expenditures	13,386	78,506
Management fees	7,392	21,723
Other expenses	42,928	132,516
	<u>\$ 584,254</u>	<u>\$ 3,006,981</u>

(XXIII) Employee benefit expenses

	2023	2022
Salary expenses	\$ 91,864	\$ 90,462
Labor and health insurance fees	7,655	7,386
Pension expenses	3,870	3,482
Remuneration for Directors	9,749	14,271
Other benefit expenses	1,772	4,009
	<u>\$ 114,910</u>	<u>\$ 119,610</u>

1. According to the Articles of Incorporation, if the Company has earnings in the current year, the Company's remuneration for employees and Directors shall be 0.5% to 5% and no more than 5% of the earnings before tax of the year and before deducting remuneration for employees and Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.
2. The Company's estimated amounts of employees' remuneration in 2023 and 2022 amounted to \$6,809 and \$11,201, respectively. The estimated amounts of Directors' remuneration are \$6,809 and \$11,201, respectively. All amounts are recognized as salary expenses.

The estimated amounts of employees' remuneration and Directors' remuneration based on the profitability in 2023 are 2% and 2%, respectively. The preceding employees' remuneration will be distributed in cash.

Employees' remuneration and Directors' remuneration in the Board of Directors' resolution for 2022 were equal to the amount recognized in the financial statements for 2022.

Information on employees' remuneration and directors' remuneration of the Company for 2022 as resolved by the Board of Directors is posted in the "Market Observation Post System".

(XXIV) Income tax

1. Income tax expenses

(1) Components of income tax expenses:

	<u>2023</u>	<u>2022</u>
<u>Current income tax</u>		
Income tax arising in the current period	\$ -	\$ -
Surtax on undistributed earnings	11,967	56,144
Land value increment tax included in current income tax	3,716	22,779
Adjustments in respect of prior years	6,603	( 27,508)
Total current income tax	<u>22,286</u>	<u>51,415</u>
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	330	307
Income tax expenses	<u>\$ 22,616</u>	<u>\$ 51,722</u>

(2) The Company's income tax directly in other comprehensive income was \$0 in both 2023 and 2022.

2. Relationship between income tax expenses and accounting profits:

	<u>2023</u>	<u>2022</u>
Income tax from net profit before tax calculated at the statutory tax rate	\$ 65,363	\$ 107,530
Surtax on undistributed earnings	11,967	56,144
Expenses to be excluded based on tax laws	3,299	20,455
Tax-exempt income based on tax laws	( 61,175)	( 178,629)
Temporary differences not recognized in deferred income tax assets	( 2,475)	( 39,868)
Tax losses in previous years not recognized in deferred income tax assets	( 5,012)	-
Tax losses not recognized in deferred income tax assets	-	90,512
Origination and reversal of temporary differences	330	307
Adjustments in respect of prior years	6,603	( 27,508)
Land value increment tax included in current income tax, etc.	3,716	22,779
Income tax expenses	<u>\$ 22,616</u>	<u>\$ 51,722</u>

3. The deferred income tax assets or liabilities from temporary differences are as follows:

	2023			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
<u>Deferred income tax assets</u>				
Unrealized expenses	\$ 439	(\$ 330)	\$ -	\$ 109
Prepaid land value increment tax	-	-	-	-
	<u>\$ 439</u>	<u>(\$ 330)</u>	<u>\$ -</u>	<u>\$ 109</u>
	2022			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
<u>Deferred income tax assets</u>				
Unrealized expenses	\$ 746	(\$ 307)	\$ -	\$ 439
Prepaid land value increment tax	12,991	(12,991)	-	-
	<u>\$ 13,737</u>	<u>(\$ 13,298)</u>	<u>\$ -</u>	<u>\$ 439</u>

4. The effective periods of unused tax losses and related amounts of unrecognized deferred income tax assets are as follows:

December 31, 2023				
Year occurred	Reported amount/approved amount	Amount not yet deducted	Unrecognized deferred income tax assets	Final deductible year
2022	<u>\$ 452,401</u>	<u>\$ 427,342</u>	<u>\$ 427,342</u>	2032
December 31, 2022				
Year occurred	Reported amount/approved amount	Amount not yet deducted	Unrecognized deferred income tax assets	Final deductible year
2022	<u>\$ 452,560</u>	<u>\$ 452,560</u>	<u>\$ 452,560</u>	2032

5. The Company's profit-seeking enterprise income tax returns have been approved by the tax authorities up to 2021.

(XXV) EPS

	2023		
	Amount after tax	Number of ordinary shares outstanding (shares in thousands)	EPS (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 304,198	380,000	<u>\$ 0.80</u>
Assumed conversion of all dilutive potential ordinary shares of employee remuneration	-	406	
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 304,198</u>	<u>380,406</u>	<u>\$ 0.80</u>

	2022		
	Amount after tax	Number of ordinary shares outstanding (shares in thousands)	EPS (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 485,928	380,000	\$ <u>1.28</u>
Assumed conversion of all dilutive potential ordinary shares of employee remuneration	<u>-</u>	<u>680</u>	
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ <u>485,928</u>	<u>380,680</u>	\$ <u>1.28</u>

(XXVI) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Deposits received	Total
January 1, 2023	\$ 4,651,483	\$ 527,672	\$ 42,962	\$ 1,711	\$ 5,223,828
Increase in current period	1,973,913	871,555	-	4	2,845,472
Decrease in current period	( 1,232,570)	( 1,400,055)	( 21,482)	( 124)	( 2,654,231)
Interest paid (Note)	-	( 2,746)	( 686)	-	( 3,432)
Other non-cash changes	<u>-</u>	<u>3,574</u>	<u>2,825</u>	<u>-</u>	<u>6,399</u>
December 31, 2023	<u>\$ 5,392,826</u>	<u>\$ -</u>	<u>\$ 23,619</u>	<u>\$ 1,591</u>	<u>\$ 5,418,036</u>
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Deposits received	Total
January 1, 2022	\$ 4,125,766	\$ 954,728	\$ 63,735	\$ 2,458	\$ 5,146,687
Increase in current period	3,605,850	2,752,090	-	360	6,358,300
Decrease in current period	( 3,080,133)	( 3,178,930)	( 20,773)	( 1,107)	( 6,280,943)
Interest paid (Note)	-	( 4,725)	( 1,104)	-	( 5,829)
Other non-cash changes	<u>-</u>	<u>4,509</u>	<u>1,104</u>	<u>-</u>	<u>5,613</u>
December 31, 2022	<u>\$ 4,651,483</u>	<u>\$ 527,672</u>	<u>\$ 42,962</u>	<u>\$ 1,711</u>	<u>\$ 5,223,828</u>

Note: Recorded Cash flows from operating activities.



VII. Related-party transactions

(I) Name and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Shen Yang Construction Co., Ltd. (Shen Yang)	Subsidiary
Shang Yang International Asset Management Co., Ltd. (Shang Yang)	Subsidiary
Star Epoch International Co., Ltd.	Subsidiary
Che Yang Agricultural Technology Co., Ltd. (Che Yang)	Sub-subsubsidiary
Hanshin Asset Management Co., Ltd. (Hanshin Asset Management)	Other related party
Hanshin Department Store Co., Ltd. (Hanshin Department Store)	Other related party
Chi Hsuan Development Co., Ltd. (Chi Hsuan Development)	Other related party
Grand Hi-Lai Hotel Co., Ltd. (Grand Hi-Lai Hotel)	Other related party
Hi-Lai Foods Co., Ltd. (Hi-Lai Foods)	Other related party
Wei Li International Development Co., Ltd. (Wei Li)	Other related party
Hanshin Shopping Plaza Co., Ltd. (Hanshin Shopping Plaza)	Other related party
Grand Hi-Lai International Property Management Consulting Co., Ltd. (Grand Hi-Lai International Property)	Other related party
Kaohsiungquas Co., Ltd. (AQUAS)	Other related party
Ascent Development Co., Ltd. (Ascent)	Other related party
5 individuals including Shao-Hui Peng	Other related party

(II) Major transactions with related parties

1. Operating revenue - income from management services

	<u>2023</u>	<u>2022</u>
Other related party - Wei Li	\$ 22,989	\$ -
Subsidiary - Shen Yang	-	10,748
	<u>\$ 22,989</u>	<u>\$ 10,748</u>

2. Operating revenue - rental income

	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 389	\$ 389
Sub-subsubsidiary	186	186
Other related party	1,793	2,076
	<u>\$ 2,368</u>	<u>\$ 2,651</u>

3. Promotion expenses

	<u>2023</u>	<u>2022</u>
Other related party	\$ 1,188	\$ 1,175

4. Administrative expenses

	2023	2022
Other related party - Hi-Lai Foods	\$ 5,391	\$ 6,633
Other related party - Grand Hi-Lai International Property	1,371	1,371
Other related party - AQUAS	2,355	3,931
Other related party - Others	679	867
	<u>\$ 9,796</u>	<u>\$ 22,598</u>

5. Expenses for investments in construction

	December 31, 2023	December 31, 2022
Other related party	\$ 4,287	\$ 6,887

6. Accounts receivable

	December 31, 2023	December 31, 2022
Other related party	\$ 150	\$ 150

7. Other receivables

	December 31, 2023	December 31, 2022
Subsidiary - Shen Yang	\$ -	\$ 11,286

The aforementioned accounts receivable from related parties consist mainly of the operating management income receivable recognized based on the letter of appointment for operating management signed by the Company for joint development and operation projects, and labor revenue from executing bookkeeping duties on behalf of subsidiaries.

8. Contract liabilities

	December 31, 2023	December 31, 2022
Subsidiary	\$ 30,169	\$ -

9. Other credit and debt transactions

(1) Refundable deposits

	December 31, 2023	December 31, 2022
Other related party - Wei Li	\$ 23,262	\$ 23,262
Other related party	2,191	1,335
	<u>\$ 25,453</u>	<u>\$ 24,597</u>

(2) Deposits received

	December 31, 2023	December 31, 2022
Other related party	\$ 458	\$ 450

#### 10. Acquisition of financial assets

- (1) No financial assets were obtained from related parties from January 1 to December 31, 2023.
- (2) The Company participated in the cash capital increase of related parties in 2022 and completed the registration of changes on June 10, 2022, and January 10, 2023, respectively, details on the Company's subscription are as follows:

Account	Number of shares traded	Object of transaction	Acquisition price
Non-current financial assets at fair value through other comprehensive income	3,970 thousand shares	Grand Hi-Lai Hotel - stocks	\$ 59,548

#### 11. Related party financing

	December 31, 2023	December 31, 2022
Other related party	\$ -	\$ 250,432

The accounts payable - related party on December 31, 2022 was attributable to the joint operations construction project being developed by the Company having taken out loan from other related party - Hanshin Shopping Plaza Co., Ltd.. Total loan was \$500,000, and the Group recognized 50% of which based on the investment ratio. The aforesaid amount is the principal and interests payable.

#### 12. Endorsements and guarantees

	December 31, 2023	December 31, 2022
Subsidiary - Shen Yang	\$ 499,000	\$ 522,700
Other related party - Wei Li	7,057,922	8,473,922
- Chi Hsuan	93,000	93,000
	\$ 7,649,922	\$ 9,089,622

#### 13. Other

- (1) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Han Lin Development Co., Ltd., Grand Hi-Lai Hotel Co., Ltd., and Hanshin Shopping Plaza Co., Ltd. for 29 plots of land including Plot 895 on Jiangbei Section in Xizhi District, New Taipei City with a total area of 5,551.35 pings on Monday, July 4, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 20% for Wei Li International Development Co., Ltd., 10% for Han Lin Development Co., Ltd., 10% for Grand Hi-Lai Hotel Co., Ltd., and 10% for Hanshin Department Store.
- (2) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Goldshare Investment Corporation, Hanshin Asset Management Co., Ltd., Hanshin Shopping Plaza Co., Ltd., Hsueh-Yong Ltd., and Heng-Rui Development Co., Ltd. for 3 plots of land including Plot 194, 196, and 197 on Longzhong Section, Gushan District, Kaohsiung City with a total area of 4,905.25 pings on Monday, March 21, 2022. According to the contract, the Company

serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 5% for Goldshare Investment Corporation, 15% for Hanshin Asset Management Co., Ltd., 10% for Hanshin Shopping Plaza Co., Ltd, 5% for Hsueh-Yong Ltd., and 5% for Heng-Rui Development Co., Ltd.

- (3) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 9 plots of land including Plot 28 on Zhongxing Section, Sanchong District, New Taipei City with a total area of 1,828.28 pings on July 15, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 15% for Ascent Development Co., Ltd., 10% for Hanshin Asset Management Co., Ltd., and 15% for Grand Hi-Lai Hotel Co., Ltd.
- (4) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies.
- (5) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 19 plots of land including Plot 365 on Zhongyi Section, Tucheng District, New Taipei City with a total area of 5,344.27 pings on January 28, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies. "Grand Hi-Lai Hotel Co., Ltd." later withdrew from the project on June 29, 2021. The shares it previously held were transferred to Hanshin Asset Management Co., Ltd. The investment ratio change became effective on July 1, 2021.
- (6) The Company signed a joint investment and development agreement with "Wei Li" land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings. "Wei Li" represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land (the company issuing the sales invoice) and the company responsible for purchases products or services (the company with input documentary evidence). It is also responsible for the settlement of the project. The parties later signed the "Joint Development Supplementary Agreement"

on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", "Crowell Development", and "Han Lin Development". "Crowell Development" later withdrew from the project on July 15, 2019. "Wei Li" and the co-funders signed the "Joint Development Supplementary Agreement" for changing the investment ratio and settlement distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", and "Han Lin Development".

- (7) The Company signed a joint investment and development contract with Chi Hsuan Development Co., Ltd., and Tsang Shan Development Co., Ltd. for 14 plots of land including Plot 1381-21 in Zhongzheng District, Keelung City with a total area of 12,520.95 pings, and 1 building No. 7256 in Tiaohe Section, Zhongzheng District, Keelung City with an area of 26.77 pings. According to the contract, the Company serves as the manager of the Project. The investment ratio is 55% for the Company, 30% for Chi Hsuan Development Co., Ltd., and 15% for Tsang Shan Development Co., Ltd.

(III) Key management compensation

The Company's remuneration for Directors and key management:

	2023	2022
Short-term employee benefits	\$ 24,538	\$ 31,583

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends and submitted to the Board of Directors for resolution.

VIII. Pledged assets

The following assets of the Company have been provided as collateral for bank loans, performance bond, and warranty bond:

Assets	Book value December 31, 2023	Book value December 31, 2022	Purpose of collateral
Inventories	\$ 9,130,941	\$ 8,467,947	Short-term borrowings and commercial papers
Other financial assets - current (restricted deposits)	323,605	600	Trusts and reserve accounts
Property, plant and equipment	30,315	17,768	Commercial papers
Investment properties	41,046	41,614	Commercial papers
Other financial assets - non-current (time deposits)	48,335	48,335	Performance guarantee
	<u>\$ 9,574,242</u>	<u>\$ 8,576,264</u>	

IX. Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2023, the total construction contract price between the Company and non-related parties was \$4,092,099 and the amount that has yet not been included in the estimation was \$3,114,950.

X. Significant disaster loss

None.

XI. Significant events after the balance sheet date

The appropriations of 2023 earnings were approved by the Board of Directors' meeting on March 13, 2024. Refer to Note 6 (15) for details.

XII. Other

(I) Capital management

The Company implements capital management to ensure sustainable development of the Company maximize the benefit for its shareholders by optimizing debts and equity. The Company's capital structure consists of equity attributable to owners of the Company (i.e., share capital, capital surplus, retained earnings, and other equity interests). In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts. The Company adjusts loan amounts based on the construction progress and the funding required for operations.

(II) Financial instruments

1. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Current financial assets at fair value through profit or loss	\$ 12,410	\$ 11,830
Current financial assets at fair value through other comprehensive income	143,365	119,528
Non-current financial assets at fair value through other comprehensive income	<u>375,949</u>	<u>316,658</u>
	<u>\$ 531,724</u>	<u>\$ 448,016</u>
<u>Financial assets at amortized cost</u>		
Cash and cash equivalents	\$ 1,012,013	\$ 1,464,782
Notes receivable, net	109,944	61,223
Accounts receivable, net	51,345	21,611
Other receivables	14,861	18,914
Other receivables - related parties	-	11,286
Other Financial Assets - Current	323,605	600
Other Financial Assets - Non Current	<u>48,335</u>	<u>48,335</u>
	<u>\$ 1,560,103</u>	<u>\$ 1,626,751</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortized cost</u>		
Short-term borrowings	\$ 5,392,826	\$ 4,651,483
Short-term notes and bills payable	-	527,672
Notes payable	236,224	67,358
Accounts payable	114,343	184,527
Other payables - other	<u>129,348</u>	<u>452,773</u>
	<u>\$ 5,872,741</u>	<u>\$ 5,883,813</u>
Lease liabilities	<u>\$ 23,619</u>	<u>\$ 42,962</u>

## 2. Risk management policy

The objective of the Company's financial risk management is to manage the market risks, credit risks, and liquidity risks related to operating activities. The Company conducts the identification, valuation, and management of the aforementioned risks based on its policies and risk preferences.

The Company has set up appropriate policies, procedures, and internal control for the aforementioned financial risk management based on relevant standards. Significant financing activities must be reviewed by the Board of Directors in accordance with relevant standards and the internal control system. During implementations of financial management activities, the Company shall strictly abide by the regulations established for financial risk management.

## 3. Significant financial risks and degree of financial risks

### (1) Market risks

#### Foreign exchange risks

The Company's main operating activities are in Taiwan and the main currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

#### Price risks

A. The Company's equity instruments exposed to price risks are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risks of investments in equity instruments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.

B. The Company's main investments consist of equity instruments issued by domestic companies and open-ended funds. The prices of such equity instruments are affected by the uncertainty of the future value of underlying investments. If the price of such equity instruments rises or falls by 10% and all other factors remain constant, the net profit after tax as a result of the profit or loss in the equity tools measured at fair value in 2023 and 2022 will increase or decrease by \$1,241 and \$1,183, respectively. The gain or loss on equity investments classified as equity instruments in other comprehensive income measured at fair value through profit and loss will increase or decrease by \$14,336 and \$11,953, respectively.

#### Interest rate risk for cash flow and fair value

A. The Company's interest rate risks mainly arise from short-term borrowings and short-term notes and bills payable. Borrowings at floating rates expose the Company to cash flow interest rate risks, which are partially offset by cash held at floating rates. Borrowings at fixed rates expose the Company to fair value interest rate risks. In 2023 and 2022, the Company's loans calculated based on floating interest rates were calculated in NTD.

B. The Company simulates various plans and analyzes interest rate risks, including considering plans for refinancing or renewal of existing positions and other available financing plans to calculate the impact of specific changes interest rates on profit or loss.

- C. If all other factors remain constant, the maximum impact of a 1% change in interest rates on financial costs in 2023 and 2022 would result in an increase or decrease of \$53,928 and \$51,792, respectively.
- (2) Credit risks
- A. The Company's credit risks refer to the risks of financial loss to the Company arising from default by the clients or counterparties of financial instruments. The risks are mainly derived from the counterparty's failure to settle the accounts receivable based on payment collection terms.
- B. The Company establishes credit risk management from the perspective of the Company. The Company has set a minimum independent credit rating of "A" for banks and financial institutions before they can be accepted as transaction counterparties.
- C. The Company's main business activities are the lease and sales of residential buildings, industrial plants, and commercial buildings. Revenue from the sale of properties is recognized upon the full payment of the contract price, the completion of the transfer of ownership, and the actual delivery of the properties. Therefore, the amount of accounts receivable arising from the sale of properties is considered insignificant and the possibility of non-recovery is low. The Company manages receivables in special transactions on an individual basis and tracks such receivables on a regular basis. The amount of the Company's assessed credit impairment losses as of December 31, 2023 and 2022 was insignificant.
- D. As of December 31, 2023 and 2022, there were no debts with recourse that were written off.
- (3) Liquidity risks
- A. Cash flow forecasting is performed by each Company department and aggregated by the Company treasury. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.
- B. The Company's non-derivative financial liabilities are grouped in the table below based on the maturity date and analyzed based on the remaining period at the balance sheet date to the contractual maturity date. The amount of undiscounted contract cash flows of other payables is approximately equal to their carrying amounts and is due within one year. The amount of undiscounted contractual cash flows for other financial liabilities is described in the following table:

Non-derivative financial liabilities:

December 31, 2023	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>3 years or above</u>
Short-term borrowings	\$ 796,632	\$ 3,851,976	\$ 1,060,454
Notes payable	22,100	214,124	-
Accounts payable	44,186	40,178	29,979
Lease liabilities	22,669	1,253	-



Non-derivative financial liabilities:

December 31, 2022	Within 1 year	1 to 3 years	3 years or above
Short-term borrowings	\$ 620,234	\$ 203,214	\$ 4,178,178
Short-term notes and bills payable	528,500	-	-
Accounts payable	171,551	-	12,976
Lease liabilities	21,917	21,917	-

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quotation (unadjusted) of the same asset or liability from an active market can be obtained on the measurement date. An active market refers to a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on a continuous basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

2. Please refer to Note 6 (9) for information on the fair value of investment properties carried at cost.
3. The carrying amount of financial instruments not carried at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets - current, refundable deposits, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, and deposit received, are reasonable approximations of the fair value.
4. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

- (1) The information on the Company's classification of assets by nature is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ 12,410	\$ -	\$ -	\$ 12,410
Current financial assets at fair value through other comprehensive income	\$ 143,365	\$ -	\$ -	\$ 143,365
Non-current financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 375,949	\$ 375,949

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ 11,830	\$ -	\$ -	\$ 11,830
Current financial assets at fair value through other comprehensive income	<u>\$ 119,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,528</u>
Non-current financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,658</u>	<u>\$ 316,658</u>

(2) The methods and assumptions that the Company used to measure the fair value are as follows:

A. The instruments for which the Company used market quoted prices as their fair values (i.e., Level 1) are divided by the characteristics of the instruments as follows:

	<u>Listed stocks</u>	<u>Open-end funds</u>
Market quoted price	Closing price	Net worth

B. Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

5. There was no transfer between Level 1 and Level 2 in the Company in 2023 and 2022.

6. The Level-3 movements for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
January 1	\$ 316,658	\$ 234,385
Acquired in the current period	-	59,548
Valuation adjustment	59,291	22,725
December 31	<u>\$ 375,949</u>	<u>\$ 316,658</u>

7. An independent appraiser appointed by the Company is in charge of valuation procedures for fair value measurements being categorized within Level 3. The appraiser submits a valuation report for the Finance Department to perform the fair value verification of financial instruments to ensure that the source of data is independent, reliable, and represented as the exercisable price.

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value as of December 31, 2023	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship between inputs and fair value
Equity instruments:					
Non-listed stocks	\$ 354,872	Comparable public company analysis	Product of the number of shares multiplied by value	0.50~5.49	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	17.38%~30.00%	The higher the discount for lack of marketability, the lower the fair value
	\$ 21,077	Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
	Fair value as of December 31, 2022	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship between inputs and fair value
Equity instruments:					
Non-listed stocks	\$ 296,254	Comparable public company analysis	Product of the number of shares multiplied by value	0.44~8.06	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	20.31%~30.00%	The higher the discount for lack of marketability, the lower the fair value
	\$ 20,404	Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value

9. The Company has carefully assessed the valuation models and inputs used to measure fair value. However, use of different valuation models or inputs may result in different measurement. The following is the effect on other comprehensive income from financial assets categorized within Level 3 if the inputs used in the valuation models have changed:

	Input	Change	December 31, 2023		December 31, 2022	
			Recognized in other comprehensive income		Recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Liquidity	±5%	\$ 23,102	(\$ 23,102)	\$ 19,872	(\$ 19,872)

### XIII. Supplementary disclosures

#### (I) Significant transactions information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Table 3.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Table 4.
7. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
9. Trading in derivatives: None.
10. The business relationship and significant transactions between the parent company and its subsidiaries: Please refer to Table 5.

#### (II) Information on investees

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to Table 6.

#### (III) Information on investments in Mainland China

1. Basic information: Please refer to Table 7.
2. Significant transactions with the investees in Mainland China either directly or indirectly through other companies in the third areas: Please refer to Table 7.

#### (IV) Information on major shareholders

Information on major shareholders: Please refer to Table 8.

### XIV. Segment information

Not applicable.

Kuo Yang Construction Co., Ltd.  
Statement of Inventories  
December 31, 2023

Unit: NT\$ thousand

Item	Amount		Remarks
	Cost	Market price (Note)	
Houses and land held for sale	\$ 1,326,592	\$ 1,318,800	
Minus: Allowance for price decline	( 197,338)		
	<u>\$ 1,129,254</u>		
Houses and land under construction			
Kuo Yang The Green Place Project (The Green World)	202,114	202,114	
Good morning, Kuo Yang Phase 2 (Keelung Tiaohe Section Project)	334,135	334,135	
Kuo Yang Intercontinental Project (formerly Neihu Jiuzong section)	2,208,553	2,208,553	
Kuo Yang Jilin Project (formerly Jilin Urban Renewal Project)	462,841	462,841	
Kuo Yang Digital (formerly Sanchong Project)	1,435,049	1,435,049	
Kaohsiung Gushan Project	1,484,370	1,484,370	
	<u>6,127,062</u>	<u>6,127,062</u>	
Land for construction			
Zhudong Section	251,872	113,817	
Minqun East Road Project	273,821	246,820	
Jingmei Section	40,174	34,260	
Kaohsiung Yunwen Section	108,170	108,170	
Tucheng Section	1,333,834	1,333,834	
Guowang Xiwan Road Project	1,127,733	1,127,733	
Other	69,012	69,012	
	<u>3,204,616</u>	<u>3,033,646</u>	
Minus: Allowance for price decline	( 170,970)		
	<u>3,033,646</u>		
Prepayments for houses and land and others			
Kuo Yang The Green Place Project (The Green World)	354,076	354,076	
Total	<u>\$ 10,644,038</u>	<u>\$ 10,833,584</u>	

Note: Due to the nature of the construction industry, the market value of land under construction and land awaiting construction specified as the cost or net realizable value, whichever is lower.

Kuo Yang Construction Co., Ltd.  
Statement of Changes in Houses and Land under Construction  
From January 1, 2023 to December 31, 2023

Unit: NT\$ thousand

Project name	Opening balance	Increase in current period		Transfer in current period		Ending balance	Remarks
		Investment cost	Capitalized interest	Inward transfer from land awaiting construction	Outward transfer after construction completion		
Kuo Yang The Green Place Project (The Green World)	\$ 33,246	\$ 168,868	\$ -	\$ -	\$ -	\$ 202,114	None
Good morning, Kuo Yang Phase 2 (Keelung Tiaohe Section Project)	327,135	2,719	4,281	-	-	334,135	Loan collateral already provided
Kuo Yang Intercontinental Project (formerly Neihu Jiuzong section)	1,913,082	261,689	33,782	-	-	2,208,553	"
Kuo Yang Jilin Project (formerly Jilin Urban Renewal Project)	179,595	281,908	1,338	-	-	462,841	"
Kuo Yang Digital Project (formerly Sanchong Project)	-	169,763	22,768	1,242,518	-	1,435,049	"
Kaohsiung Gushan Project	-	37,520	17,655	1,429,195	-	1,484,370	"
	<u>\$ 2,453,058</u>	<u>\$ 922,467</u>	<u>\$ 79,824</u>	<u>\$ 2,671,713</u>	<u>\$ -</u>	<u>\$ 6,127,062</u>	

Kuo Yang Construction Co., Ltd.  
Statement of Changes in Investments Accounted for Using Equity Method  
From January 1, 2023 to December 31, 2023

Unit: NT\$ thousand

Name	Opening balance		Increase in current period		Decrease in current period		Other adjustments (Note)	Ending balance			Net equity		Provision of collateral or pledges
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		Number of shares	Shareholding ratio	Amount	Unit price (NTD)	Total price	
Shen Yang Construction Co., Ltd.	160,000,000	1,614,534	-	54,534	-	-	14,156	160,000,000	100%	1,654,912	10.35	1,655,634	None
Shang Yang International Asset Management Co., Ltd.	61,800,000	647,160	-	-	-	524	1,632	61,800,000	100%	648,268	10.49	648,268	None
Star Epoch International Co., Ltd.	24,000,000	240,098	-	-	-	707	-	24,000,000	80%	239,391	9.97	239,391	None
Shadwell Limited	200,000	2,389	-	-	-	70	37	200,000	100%	2,356	11.21	2,242	None
Hanshin Shopping Plaza Co., Ltd.	10,005,000	940,755	-	236,217	-	-	10,675	10,005,000	20%	1,187,647	64.59	646,253	None
Sweet Me Hot Spring Resort Co., Ltd.	2,200,000	11,212	-	1,359	-	-	-	2,200,000	20%	12,571	6.62	14,566	None
		<u>\$ 3,456,148</u>		<u>\$ 292,110</u>		<u>(\$ 1,301)</u>	<u>(\$ 1,812)</u>			<u>\$ 3,745,145</u>			

Note: Other adjustments represent dividend payout, translation differences in the financial statements of foreign operations, and valuation adjustments on financial assets at fair value through other comprehensive income.

Kuo Yang Construction Co., Ltd.  
Statement of Operating Revenue  
From January 1, 2023 to December 31, 2023

Unit: NT\$ thousand

Item	Summary	Amount
Revenue from sale of properties		
Revenue from land		\$ 301,554
Revenue from houses		209,736
Other		51,359
Sales discount		( 2)
		562,647
Rental income		8,374
		\$ 571,021



Kuo Yang Construction Co., Ltd.  
Statement of Operating Cost  
From January 1, 2023 to December 31, 2023

Unit: NT\$ thousand

Item	Amount	
	Subtotal	Total
Opening inventory		
Houses and land held for sale	\$ 1,688,082	
Houses and land under construction	2,453,058	
Land for construction	5,652,349	
Prepayments for land and others	354,076	\$ 10,147,565
Plus: Purchases in this period		988,291
Expenses for investments in construction in the current period		113,835
Decorations in this period		21,565
Interest capitalization		119,226
Cost of leases		1,149
Operation and management service fees		6,520
Minus: Closing inventory		
Houses and land held for sale	( 1,326,592)	
Houses and land under construction	( 6,127,062)	
Land for construction	( 3,204,616)	
Prepayments for houses and land and others	( 354,076)	( 11,012,346)
Allowance for price decline (gain on recovery)		( 43,804)
Construction cost		\$ 342,001

Kuo Yang Construction Co., Ltd.  
Statement of Operating Expenses  
From January 1, 2023 to December 31, 2023

Unit: NT\$ thousand

Item	Amount	Remarks
<u>Promotion expenses</u>		
Transferred deferred promotion expenses recognized based on full completion	13,387	
	\$	
Advertising expenses	1,007	
Sales expenses	560	
Administrative expenses	5,091	
Other expenses	5,763	
	<u>25,808</u>	
<u>Administrative expenses</u>		
Employee benefit expenses	114,910	
Depreciation	26,001	
Tax	13,156	
Rent expenditures	1,610	
Entertainment expenses	9,497	
Donations	4,011	
Insurance premiums	8,181	
Professional service expenses	16,625	
Other expenses	22,454	
	<u>216,445</u>	
Total	<u>\$ 242,253</u>	

Kuo Yang Construction Co., Ltd.

Summary Table of Employee Benefit, Depreciation, Depletion and Amortization Expenses for the Current Year

From January 1, 2023 to December 31, 2023

Unit: NT\$ thousand

	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Salary expenses	\$ -	\$ 91,864	\$ 91,864	\$ -	\$ 90,462	\$ 90,462
Labor and health insurance fees	-	7,655	7,655	-	7,386	7,386
Pension expenses	-	3,870	3,870	-	3,482	3,482
Remuneration for Directors	-	9,749	9,749	-	14,271	14,271
Other employee benefit expenses	-	1,772	1,772	-	4,009	4,009
	<u>\$ -</u>	<u>\$ 114,910</u>	<u>\$ 114,910</u>	<u>\$ -</u>	<u>\$ 119,610</u>	<u>\$ 119,610</u>
Depreciation	\$ -	\$ 27,150	\$ 27,150	\$ -	\$ 24,453	\$ 24,453
Deduction expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization cost	\$ -	\$ 661	\$ 661	\$ -	\$ 542	\$ 542

1. As of December 31, 2023 and 2022, the Company's average number of employees were 77 and 78, respectively. There were 8 and 8 Directors who do not serve concurrently as employees.
2. The Company discloses the following information in accordance with the table above:
  - (1) The average employee benefit expenses in 2023 and 2022 amounted to \$1,524 and \$1,505, respectively.
  - (2) The average employee salary expenses in 2023 and 2022 amounted to \$1,331 and \$1,292 respectively.
  - (3) The adjustment of the average employee salary expenses in 2023 was 3.02%.
3. The Company's salary policy is as follows:
  - (1) Remuneration for Directors: The Board of Directors is authorized to determine the remuneration paid to Directors based on their participation in the Company's operations, the value of their contributions, and prevailing rates in the industry.
  - (2) Manager: The Company pays reasonable compensation to the manager based on his/her rank, position, experience, local living standard, consumer price index, contribution to the Company, and team leadership skills.
  - (3) Employees: The remuneration for employees includes fixed salaries and bonuses. The fixed salary is paid each month and bonuses include the year-end bonuses, employees' remuneration, and bonuses for Dragon Boat Festival and Mid-Autumn Festival.
    - (a) Fixed salary: The fixed salary is based on the individual's key core competencies and professional skills, and is paid based on the rank, position, and experience specified in the "Rank and Salary Range Table".
    - (b) Year-end bonus: The year-end bonus is based on the Company's business operations and performance in the current year and is calculated on an annual basis.
    - (c) Employees' remuneration: In the event of profit in the year, the Company shall appropriate 0.5% to 5% of the pre-tax earnings (excluding remuneration for Directors and employees) as remuneration for employees. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses. The remuneration for employees is determined by the Board of Directors which shall resolve to distribute the remuneration in stocks or cash.
4. The Company has established an Audit Committee and therefore does not pay remuneration to supervisors.

Kuo Yang Construction Co., Ltd.  
Provision of endorsements and guarantees to others  
January 1 to December 31, 2023

Table 1

Unit: NT\$ thousand  
(Unless specified otherwise)

No. (Note 1)	Name of company providing endorsement or guarantee	Entity for which the endorsement/guarantee is made		Limit on endorsements/guarantees to a single enterprise (Note 3)	Maximum outstanding balance of endorsements/guarantees during the current period (Note 4)	Ending balance of endorsements/guarantees (Note 5)	Actual amount drawn down (Note 6)	Endorsement/guarantee secured with collateral Amount	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/guaranteed amount (Note 3)	Parent company to subsidiary (Note 7)	Subsidiary to parent company (Note 7)	Endorsements and guarantees for entities in Mainland China (Note 7)	Remarks
		Company name	Relationship (Note 2)											
0	Kuo Yang Construction Co., Ltd.	Wei Li International Development Co., Ltd.	5	\$ 20,199,352	\$ 9,431,252	\$ 7,057,922	\$ 6,152,959	\$ -	69.88%	\$ 40,398,704	N	N	N	
0	"	Tsang Shan Development Co., Ltd.	5	20,199,352	93,000	46,500	46,500	-	0.46%	40,398,704	N	N	N	
0	"	Chi Hsuan Development Co., Ltd.	5	20,199,352	186,000	93,000	93,000	-	0.92%	40,398,704	N	N	N	
0	"	Shen Yang Construction Co., Ltd.	2	20,199,352	529,000	499,000	199,000	-	4.94%	40,398,704	Y	N	N	
1	Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	2	3,311,268	2,282,500	2,282,500	111,300	-	137.86%	6,622,536	N	N	N	
1	"	Tsang Hsin Construction Co., Ltd.	5	3,311,268	949,450	949,450	501,000	-	57.35%	6,622,536	N	N	N	

Note 1: The explanation for filling out numbers is as follows: 1. The issuer shall fill out numbers of 02. Investees are numbered in order starting from "1".

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following six categories (simply specify the respective category):

1. Companies in a business relationship with the Company.
2. Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.
3. Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.
4. Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.
5. Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.
6. Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: The procedures in which the Company provides endorsements/guarantees for others, the maximum endorsements/guarantees for each entity, and the total limit of endorsements/guarantees shall be filled in. The individual entity receiving endorsements/guarantees and the calculation method for the total limit amount shall be specified in the "Remarks" column.

1. The total endorsements and guarantees provided by the Company shall not exceed the net value of the Company's most recent financial statements; the endorsements and guarantees provided for an individual enterprise may not exceed 20% of the net value of the Company's most recent financial statements.
2. Where the Company fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, the restrictions in the preceding paragraph shall not apply and the endorsements and guarantees can still be provided. However, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.
3. Where Shen Yang Construction fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.

Note 4: Highest balance of endorsements/guarantees to others for the year.

Note 5: Endorsement/guarantee liabilities are assumed when the amount of the endorsement/guarantee contracts or bills signed with the bank by the Company is approved as of the end of the year. Other matters related to endorsements/guarantees shall be included in the endorsement/guarantee balance.

Note 6: Enter the actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance.

Note 7: Endorsements/guarantees made by TWSE/TPEX listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEX listed parent company, and endorsements/guarantees made in Mainland China are must be indicated with "Y".

Kuo Yang Construction Co., Ltd.  
Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures)  
December 31, 2023

Table 2

Unit: NT\$ thousand  
(Unless specified otherwise)

Securities held by	Type and name of marketable securities	Relationship with securities issuer	General ledger account	End of period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Fair value	
Kuo Yang Construction Co., Ltd.	Nomura Global High Yield Bond Fund	None	Current financial assets at fair value through profit or loss	689,047	\$ 4,320	-	\$ 4,320	
"	TCB Global Healthcare M-A Income Fund	None	"	1,000,000	8,090	-	8,090	
Shang Yang International Asset Management Co., Ltd.	O-Bank No. 1 Real Estate Investment Trust	None	"	617,000	4,955	-	4,955	
					<u>\$ 17,365</u>		<u>\$ 17,365</u>	
Kuo Yang Construction Co., Ltd.	Non-listed stocks - Tai Ho Construction Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	2,400,000	\$ -	17.14%	\$ -	
Kuo Yang Construction Co., Ltd.	Listed stocks - Ascent Development Co., Ltd.	Note 4	Current financial assets at fair value through other comprehensive income	3,108,000	\$ 75,214	3.38%	\$ 75,214	
"	Hi-Lai Foods Co., Ltd.	"	"	332,237	51,995	0.79%	51,995	
"	Hsin Kuang Steel Co., Ltd.	None	"	280,000	16,156	0.09%	16,156	
Shen Yang Construction Co., Ltd.	Listed stocks - Hi-Lai Foods Co., Ltd.	Note 4	"	22,149	3,466	0.05%	3,466	
"	Taiwan Cement Corporation	None	"	500,000	17,425	0.01%	17,425	
"	United Microelectronics Corporation	None	"	300,000	15,780	0.00%	15,780	
"	Unimicron Technology Corporation	None	"	20,000	3,520	0.00%	3,520	
"	Nan Ya Printed Circuit Board Corporation	None	"	150,000	37,725	0.02%	37,725	
"	GlobalWafers Co., Ltd	None	"	30,000	17,610	0.01%	17,610	
"	ASE Technology Holding Co., Ltd.	None	"	200,000	27,000	0.00%	27,000	
"	Chailease Holding Company Limited	None	"	102,000	19,686	0.01%	19,686	
"	Tatung Company	None	"	600,000	25,200	0.03%	25,200	
					<u>\$ 310,777</u>		<u>\$ 310,777</u>	
Kuo Yang Construction Co., Ltd.	Unlisted stocks - United Real Estate Management Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,494,794	\$ 21,077	4.43%	\$ 21,077	
"	Hanshin Asset Management Co., Ltd.	Note 4	"	4,946,472	205,971	2.29%	205,971	
"	Grand Hi-Lai Hotel Co., Ltd.	"	"	4,960,081	148,901	16.53%	148,901	
Shen Yang Construction Co., Ltd.	Unlisted stocks - Han Chi Technology Co., Ltd.	"	"	450,000	6,795	9.00%	6,795	
Shang Yang International Asset Management Co., Ltd.	Unlisted stocks - Kaohsiung Arena Development Corporation	"	"	12,500,000	155,375	5.00%	155,375	
"	SE Security Corp.	None	"	1,526,170	28,254	15.26%	28,254	
					<u>\$ 566,373</u>		<u>\$ 566,373</u>	

Note 1: Leave the column blank if the issuer of marketable securities is non-related party.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 4: The securities issuer is an affiliate of the Group.

Kuo Yang Construction Co., Ltd.  
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more  
January 1 to December 31, 2023

Table 3

Unit: NT\$ thousand  
(Unless specified otherwise)

Company that acquired real property	Name of property	Transaction date	Transaction amount	Payment status	Transaction counterparty	Relationship	Prior transaction of related counterparty				Basis of reference for price determination	Purpose of acquisition and status of usage	Miscellaneous
							Owner	Relationship with issuer	Transfer date	Amount			
Kuo Yang Construction Co., Ltd.	Inventories - construction-in-progress (New construction project in Jiuzhong Section, Neihu District, Taipei City)	2022/11/15	\$ 891,850	\$ 147,075 (Note 1)	Chin Hsieh Hsing Construction Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from He Yang Real Estate Appraisers Firm	Construction of factory and office building for sale	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - construction-in-progress (New construction project in Jilin Section, Zhongshan District, Taipei City)	2023/1/13	1,044,231	282,778	Continental Engineering Corporation	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from He Yang Real Estate Appraisers Firm	Construction of residential buildings for sale	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - construction-in-progress (New construction project in Zhongxing Section, Sanchong District, New Taipei City)	2023/11/07	1,142,175	140,522	Chun Chieh Construction Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from He Yang Real Estate Appraisers Firm	Construction of factory and office building for sale	Not applicable
Shen Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Yuanzhong Section, Nanzi District, Kaoshiung City) (Note 2)	2023/12/20	460,505	-	Land Administration Bureau, Kaohsiung City Government	None	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Land for construction	Not applicable

Note 1: The Group has paid \$57,063 in 2022 and paid \$90,012 in this period in accordance with contracts.

Note 2: The Group jointly tendered with Chun-Chieh Kuo for the project from Land Affairs Bureau of Kaohsiung City Government in 2023, and the relevant price was paid in 2024.

Note 3: Where an appraisal is required for an acquired asset, specify the appraisal results in the "reference for price determination".

Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT\$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Note 5: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd.  
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more  
January 1 to December 31, 2023

Table 4

Unit: NT\$ thousand  
(Unless specified otherwise)

Company that disposed of real property	Name of property	Transaction date	Acquisition date	Carrying amount	Transaction amount	Payment collection status	Gain (loss) on disposal	Transaction counterparty	Relationship	Purpose of disposal	Basis of reference for price determination	Miscellaneous
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2023/05/19	Not applicable for pre-sale properties	Not applicable	\$ 461,180	\$69,165 already collected in accordance with contracts	Not applicable	Hotai Finance Co., Ltd.	None	Gains	Hung Pang Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2023/06/02	Not applicable for pre-sale properties	Not applicable	\$ 458,320	\$68,760 already collected in accordance with contracts	Not applicable	Shi-Tai Yung-Fu Investment Co., Ltd.	None	Gains	Hung Pang Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2023/06/09	Not applicable for pre-sale properties	Not applicable	\$ 815,500	\$122,340 already collected in accordance with contracts	Not applicable	eCloudvalley Digital Technology Co., Ltd.	None	Gains	Hung Pang Real Estate Appraisers Firm, Cheng Ta Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2023/07/04	Not applicable for pre-sale properties	Not applicable	\$ 262,500	\$26,250 already collected in accordance with contracts	Not applicable	Mesure Technology Co., Ltd.	None	Gains	Hung Pang Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2023/09/25	Not applicable for pre-sale properties	Not applicable	\$ 265,650	\$39,855 already collected in accordance with contracts	Not applicable	Tatung Atherton Co., Ltd.	None	Gains	Hung Pang Real Estate Appraisers Firm	Not applicable

Note 1: The transaction amount and payment collection status shall be disclosed in accordance with the project shareholding ratio.

Note 2: Where an appraisal is required for a disposed asset, specify the appraisal results in the "reference for price determination".

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT\$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Note 4: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd.  
The business relationship and significant transactions between the parent company and its subsidiaries  
January 1 to December 31, 2023

Table 5

Unit: NT\$ thousand  
(Unless specified otherwise)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction status			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Rental/leasing revenue	203	Note 4	0.03%
0	Kuo Yang Construction Co., Ltd.	Shang Yang International Asset Management Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.03%
0	Kuo Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.03%
0	Kuo Yang Construction Co., Ltd.	Star Epoch International Co., Ltd.	1	Contract liabilities - current	30,169	Note 4	0.16%
1	Shang Yang International Asset Management Co., Ltd.	Shadwell Limited.	3	Interest payable	471	Note 4	0.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is "0".
2. The subsidiaries are numbered in order starting from "1".

Note 2: Relationships are categorized into the following three types. Please specify the type:

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

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no major difference in transaction conditions between sales between parent company and subsidiaries and regular sales, other transaction conditions for other trades have no relevant examples to follow and the transaction conditions are determined in accordance with mutual agreements.



## Kuo Yang Construction Co., Ltd.

Names, locations and other information of investee companies (excluding the investees in Mainland China)

January 1 to December 31, 2023

Table 6

Unit: NT\$ thousand  
(Unless specified otherwise)

Name of investment company	Investee	Location	Main business activities	Initial investment amount		Holdings at the end of period			Net profit (loss) of investee for the current period	Investment income (loss) recognized by the Company for the current period	Remarks
				End of the period	End of last year	Number of shares	Percentage	Carrying amount			
Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	Taiwan	Real estate investment, development, and rental and leasing	\$ 1,600,000	\$ 1,600,000	160,000,000	100%	\$ 1,654,912	\$ 50,831	\$ 54,534	Subsidiary (Note 2)
"	Shang Yang International Asset Management Co., Ltd.	Taiwan	Residence and buildings lease construction and development	631,098	631,098	61,800,000	100%	648,268	( 524 )	( 524 )	Subsidiary (Note 2)
"	Star Epoch International Co., Ltd.	Taiwan	Residence and buildings lease construction and development	240,000	240,000	24,000,000	80%	239,391	( 901 )	( 707 )	Subsidiary (Note 2)
"	Shadwell Limited	British Virgin Islands	Investment in real estate property	4,742	4,742	200,000	100%	2,356	( 70 )	( 70 )	Subsidiary (Note 2)
"	Hanshin Shopping Plaza Co., Ltd.	Taiwan	Department store	480,000	480,000	10,005,000	20%	1,187,647	1,276,009	236,217	Affiliate enterprise
"	Sweet Me Hot Spring Resort Co., Ltd.	Taiwan	General hotel industry and restaurant management	22,000	22,000	2,200,000	20%	12,571	18,572	1,359	Affiliate enterprise
Shen Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	Taiwan	Horticulture services and afforestation	2,500	2,500	250,000	100%	1,039	( 216 )	( 168 )	Sub-subsidiary (Note 2)
"	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	176,000	176,000	17,600,000	80%	175,603	134	107	Sub-subsidiary (Note 2)
Shang Yang International Asset Management Co., Ltd.	Pao Yue Landscape Co., Ltd.	Taiwan	Landscape and interior design	1,020	-	102,000	51%	1,886	1,698	866	Sub-subsidiary (Note 2)
"	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	31,500	31,500	3,150,000	45%	34,516	173	78	Affiliate enterprise
"	Century Rainbow Limited	Seychelles	Investment company	114,438 (USD 3,727 thousand)	114,438 (USD 3,727 thousand)	1,020,100	100%	309	( 468 )	( 464 )	Sub-subsidiary (Note 1, 2)
Century Rainbow Limited	Celestial Talent Limited	Seychelles	Investment company	83,733 (USD 2,727 thousand)	83,733 (USD 2,727 thousand)	20,100	100%	( 94)	8	8	Sub-subsidiary (Note 1, 2)
Century Rainbow Limited	Charm Merit Limited	Hong Kong	Investment company	30,705 (USD 1,000 thousand)	30,705 (USD 1,000 thousand)	1,000,000	100%	485	( 482 )	( 482 )	Sub-subsidiary (Note 1, 2)
Charm Merit Limited	Good Fame Limited	Samoa	Investment company	30,705 (USD 1,000 thousand)	30,705 (USD 1,000 thousand)	1,000,000	40%	568	( 1,221 )	( 485 )	Affiliate enterprise (Note 1)

Note 1: Calculated based on the exchange rate of the foreign currency on December 31, 2023.

Note 2: All the transactions were consolidated and written off in the preparation of the consolidated financial statements.

Kuo Yang Construction Co., Ltd.  
Information on investments in Mainland China - basic information  
January 1 to December 31, 2023

Table 7

Unit: NT\$ thousand  
(Unless specified otherwise)

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Opening balance of accumulated fund transfer from Taiwan	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Ending balance of accumulated fund transfer from Taiwan	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognized by the Company in the current period (Note 2 (2). C)	Ending investment book value	Investment revenue transferred back to Taiwan as of the end of the period	Remarks
					Remitted to Mainland China	Remitted back to Taiwan							
Guopan Investment Consultancy Co., Ltd.	Business investment consulting and enterprise management consulting	\$ 92,115 (USD 3,000 thousand)	(2)	\$ 30,705 (USD 1,000 thousand)	\$ -	\$ -	\$ 30,705 (USD 1,000 thousand)	\$ 1,016	40%	(\$ 491)	\$ 629	\$ -	

Company name	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
The Company	\$30,705 (US\$1,000 thousand)	\$ 30,705	\$ 6,123,141

Note 1: The methods for engaging in investment in Mainland China are categorized into the following three types. Please specify the type:

- (1) The Company remits its own funds directly to the investee companies located in Mainland China.
- (2) The Company invests in Mainland China through a company in a third region. The Company invests in Good Fame Limited which invests in Guopan Investment Consultancy Co., Ltd.
- (3) Other methods.

Note 2: Investment income (loss) recognized by the Company in the current period:

- (1) If the company is in preparation status and no investment loss and profit has occurred, it shall be noted.
- (2) The three types of recognition of income on investment are as follows shall be noted.
  - A. Certified financial report audited by CPA firms in the Republic of China which have partnership with international CPA firms.
  - B. Financial report audited by CPA firm of Taiwan's parent company.
  - C. Others - Evaluations and disclosures of financial reports audited by the CPA.

Note 3: Related numbers in this table shall be expressed in NTD.

Kuo Yang Construction Co., Ltd.  
Information on major shareholders  
December 31, 2023

Table 8

Shareholder's name	Shares	
	Number of shares held	Shareholding ratio
Han Shen Investment Co., Ltd.	35,985,223	9.46%
Chung Shen Development Co., Ltd.	27,709,048	7.29%
Morta Enterprise Co., Ltd.	24,795,785	6.52%
Cheng Chi Co., Ltd.	23,124,570	6.08%
Han Chung Global Investment Co., Ltd.	20,205,488	5.31%

Note: The preceding information is provided by Taiwan Depository & Clearing Corporation (TDCC)

VI. Impact on the Company's financial status due to financial difficulties experienced by the Company and its affiliates during the last fiscal year up to the publication date of the Annual Report: None

# Chapter 7 、 Review, Analysis, and Risks of Financial Conditions and Performance

## I. Financial Conditions:

Unit: NT\$1,000

Item	Year	2023	2022	Difference	
				Amount	%
Current assets		16,153,793	14,641,622	1,512,171	10.33%
Non-current financial assets at fair value through other comprehensive income		566,373	504,966	61,407	12.16%
Investments recognized under the equity method		1,235,302	987,423	247,879	25.10%
Property, plant and equipment		81,671	73,731	7,940	10.77%
Right-of-use assets		27,762	40,053	(12,291)	(30.69%)
Other assets		483,798	528,342	(44,544)	(8.43%)
<b>Total assets</b>		<b>18,548,699</b>	<b>16,776,137</b>	<b>1,772,562</b>	<b>10.57%</b>
Current liabilities		8,331,175	7,137,392	1,193,783	16.73%
Non-current liabilities		12,288	25,266	(12,978)	(51.37%)
<b>Total liabilities</b>		<b>8,343,463</b>	<b>7,162,658</b>	<b>1,180,805</b>	<b>16.49%</b>
Equity attributable to owners of parent company		10,099,676	9,509,577	590,099	6.21%
Share capital		3,800,000	3,800,000	-	-
Capital surplus		627,683	627,683	-	-
Retained earnings		5,519,460	5,220,126	299,334	5.73%
Other equity		152,533	(138,232)	290,765	210.35%
Non-controlling interest		105,560	103,902	1,658	1.60%
<b>Total equity</b>		<b>10,205,236</b>	<b>9,613,479</b>	<b>591,757</b>	<b>6.16%</b>

The Company shall describe the main reasons and impact of any material change in the company's assets, liabilities, or shareholders' equity during the past two fiscal years (changes that exceed 20% between periods and a value of NT\$10 million) and future response plans.

### I. Main reasons and impact of any material changes:

- (1) Increase in Investments recognized under the equity method : Mainly due to recognized under the equity method Recognition of investment income from related companies in 2023 .
- (2) Decrease in Right-of-use assets : Mainly due to the payment of rent for the office and offset of lease liabilities in 2023
- (3) Decrease in Non-current liabilities : Mainly due to the payment of rent for the office and offset of lease liabilities in 2023
- (4) Increase in Other equity : Mainly due to the financial assets at fair value through other comprehensive income in 2023 due to evaluation adjustment.

### II. Impact of material changes and future response plans:

There are currently no material discrepancies in the Company's overall performance and no response plan is required.

## II. Financial Performance:

### (I) Comparative analysis of operational performance:

Item \ Year	2023	2022	Increase(decrease)amount	Percentage of change
Operating revenue	735,459	3,954,516	(3,219,057)	(81.40%)
Operating costs	(443,914)	(3,169,639)	(2,725,725)	(85.99%)
Operating profit	291,545	784,877	(493,332)	(62.85%)
Operating expenses	(280,810)	(505,660)	(224,850)	(44.47%)
Operating profit	10,735	279,217	(268,482)	(96.16%)
Non-operating income and expenses	322,976	274,182	48,794	17.80%
Pre-tax profit	333,711	553,399	(219,688)	(39.70%)
Income tax expenses	(28,835)	(67,481)	(38,646)	(57.27%)
Net profit of the term	304,876	485,918	(181,042)	(37.26%)
Other comprehensive income(net)	285,901	(205,753)	491,654	238.95%
Total comprehensive income	590,777	280,165	310,612	110.87%

The main reasons and impact of changes that exceed 20% between periods and a value of NT\$10 million are analyzed as follows:

(1) Decrease in operating revenue, operating costs, and gross profit:

In 2023, the Company recognized income totaling NT\$735,459 thousand from the existing home sale of "Kuo Yan" and "The Green Place", and income from "Smile Era" by the subsidiary Shen Yang.

In 2022, the Company recognized income totaling NT\$3,954,516 thousand from the existing home sale of "Kuo Yang Silicon Valley", "Kanazawa Area of The Green Place", and "Phase 1 of Good morning, Kuo Yang", and the sales of remaining units of "Kuo Yan" and "The Green Place", and income from "Smile Era" by the subsidiary Shen Yang.

As the operating revenue in 2023 decreased from the same period in the previous year, the operating costs and gross profit also decreased.

(2) Decrease in Operating expenses :

Mainly due to the Operating revenue in 2023 being lower than the same period last year , Therefore, sales commissions and marketing expenses are also relatively reduced

(3) Decrease in income tax expenses: Mainly due to the profit before tax of the term in 2023 being lower than the same period last year; therefore, the income tax expenses have also been decreased accordingly.

(4) Increase in Other comprehensive income(net) :

Mainly due to the financial assets at fair value through other comprehensive income in 2023 Unrealized valuation gains and profit

### (II) Expected sales and its basis, and the possible impact on the Company's future financial operations and response plans:

The Company estimated the revenue and profitability targets for 2023 based on the development schedule, sales, project progress, and operation assumptions for the current projects of the companies of the Group. Based on the estimates, the revenue from the construction of Phase 1 of sales of remaining units (The Green Place, Kuo Yan, and Smile Era) will be the main source of revenue in 2024. It is expected that the main source of revenue in 2024 will be the completion and handover of the Guoyang Intercontinental project.

### III. Cash flow:

(I) Liquidity analysis of the most recent two years: Unit: NT\$1,000

Item	Year		Change(%)
	December 31, 2022	December 31, 2021	
Cash flow ratio	-	-	-
Cash flow adequacy ratio	204.84%	187.26%	17.58%
Cash reinvestment ratio	-	-	-
Explanation of ratio variations: The cash adequacy flow ratio in 2023 is higher than the same period last year, mainly due to the lower total amount of capital expenditures, inventory increases and cash dividends in the past five years			

(II) Improvement plan for insufficient liquidity: There were no instances of insufficient liquidity.

(III) Cash flow analysis for the following year: Not applicable.

### IV. Effect of major capital spending on financial position and business operation in the most recent year

(I) Review and analysis of the use and source of funds of major capital expenditures:

1. Use and source of funds of major capital expenditures:

The Company's main businesses are the construction and the lease and sales of residential buildings, industrial plants, and commercial buildings. This item is therefore not applicable.

2. Expected benefits

(1) Expected production and sales volume, value, and gross profit: Not applicable

(2) Explanation of other benefits: Not applicable

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the following year:

Unit: NT\$1,000

Investee company	Accounting procedures	Cost of investment	Book value	Return on investments in 2022		Policy	Main reason for profit or loss	Improvement plan	Other future investment plans
				Income on investment	Stock dividends				
Shadwell Ltd.	Equity method	4,742	2,356	(70)	-	Investment in real estate property	-	-	-
Shang Yang International Asset Management Co., Ltd.	Equity method	631,098	648,268	(524)	-	Residence and buildings lease construction and development	-	-	-
Shen Yang Construction Co., Ltd.	Equity method	1,600,000	1,654,912	54,534	-	Real estate investment, development, and rental and leasing	Profits from the sales of remaining units	-	-
Star Epoch International Co., Ltd.	Equity method	240,000	239,391	(707)	-	Residence and buildings lease construction and development	Interest income		
Hanshin Shopping Plaza Co., Ltd.	Equity method	480,000	1,187,647	236,217	100,050	Department store related industries	main business operating profit	-	-
Sweet Me Hot Spring Resort Co., Ltd.	Equity method	22,000	12,571	1,359	-	General hotel industry and restaurant management	-	-	-
Chi Yang Construction Co., Ltd.	Equity method	31,500	34,516	78	26,572	Residence and buildings lease construction and development	-	-	-
. Baoyue Landscape Co., Ltd	Equity method	1,020	1,886	866	-	Landscape and Interior Design Industry	-	-	-
Che Yang Agricultural Technology Co., Ltd	Equity method	2,500	1,039	(168)	-	Horticulture services and afforestation	-		
Chi Yang Construction Co., Ltd.	Equity method	176,000	175,603	107	-	Residence and buildings lease	-	-	-



						construction and development			
Century Rainbow Ltd.	Equity method	114,438	309	(464)	-	Investment company	Income on investment	-	-
Celestial Talent Ltd.	Equity method	83,733	(94)	8	-	Investment company	-	-	-
Charm Merit Ltd.	Equity method	30,705	485	(482)	-	Investment company	Income on investment	-	-
Good Fame Ltd.	Equity method	30,705	568	(485)	-	Investment company	Income on investment	-	-
Tai Ho Construction Co., Ltd.	Fair value method	4,000	-	-	-	Establishment of a strategic alliance	-	-	-
United Real Estate Management Co., Ltd.	Fair value method	7,834	21,077	-	1,046	Establishment of a strategic alliance	-	-	-
Hanshin Asset Management Co., Ltd.	Fair value method	109,442	205,971	-	4,946	Establishment of a strategic alliance	-	-	-
Grand Hi-Lai Hotel Co., Ltd.	Fair value method	140,548	148,901	-	-	Establishment of a strategic alliance	-	-	-
Han Chi Technology Co., Ltd.	Fair value method	9,000	6,795	-	-	Establishment of a strategic alliance	-	-	-
Kaohsiung Arena Development Corporation	Fair value method	125,000	155,375	-	5,000	Public works construction and investment and real estate rental and leasing	-	-	-
SE Security Corp.	Fair value method	14,580	28,254	-	1,526	Establishment of a strategic alliance	-	-	-

Source: The Company's 2023 audited financial statements.

VI. Risk matters required for analysis in the most recent year and up to the publication date of the Annual Report:

(I) Impact of changes in interest rate, exchange rate, and inflation on the Company's profits and losses and future response measures:

1. Impact of changes in interest rate on the Company's profits and losses and future response measures:

Unit: NT\$1,000

Item/Year	2023	2022
Short-term borrowings	6,605,327	5,993,189
Interest expenses(1)	19,753	30,519
Net operating profit(2)	10,735	279,217
Percentage(1)/(2)	184.01%	10.93%

Source: Consolidated financial report audited and certified by the CPA

The Company's main source of the net operating profit in 2023 and 2022 was the revenue recognized for the sales of remaining units. Interest expenses accounted for 184.01% and 10.93% of the net operating profit.

The Company's short-term borrowings interest rate range in 2023 was between 2.35% to 2.76%. The Company shall pay close attention to changes in interest rates, maintain close communication with banks, and use financing tools available in the capital market to reduce the cost of funding and reliance on banks.

2. Impact of changes in exchange rate on the Company's profits and losses and future response measures:

The Company's main functional currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

3. Impact of inflation on the Company's profits and losses and future response measures:

According to the statistics of the Directorate-General of Budget, Accounting, and Statistics of the Executive Yuan, the annual growth rate of the Consumer Price Index was 2.49% in 2023. As Taiwan's government closely monitors changes in consumer prices and implements response policies, and the real estate market has a relatively high resistance to inflation, there has been no significant impact of inflation on the Company.

(II) Policies of engaging in high-risk, high-leverage investments, loans to others, providing endorsements/guarantees and derivatives transactions, main reasons for the profits and losses generated thereby and future response measures:

1. Policies of engaging in high-risk and high-leverage investments, main reasons for the profits and losses generated thereby and future response measures:

The Company focuses on its core businesses and does not engage in any high-risk or high-leverage investments.

2. Policies of engaging in loans to others, providing endorsements/guarantees and derivatives transactions, main reasons for the profits and losses generated thereby and future response measures:

The Company does not engage in derivatives transactions and all loans to others, endorsements, and guarantees are implemented in accordance with the Company's "Endorsements and Guarantees".

(III) Future R&D projects and estimated R&D expenditures:

The Company currently has no relevant R&D expenditures.

(IV) Impact of changes in important domestic and foreign policies and regulations on the Company's finance and business, and response measures:

The Company closely monitors domestic and international political and economic developments as well as changes in regulations, and maintains adequate response capabilities. As of the most recent year and the publication date of the 2023 Annual Report for the shareholders' meeting, domestic and foreign policies and regulations have had no significant impact on Company's finance and business.

(V) Impact of recent technological and market changes on the Company's finance and business, and response measures:

1. The Company operates in the construction industry. Confronted with factors unfavorable to the developing of the housing market, including changes in the economy, the government's "Healthy Housing Market" policy, interest hikes, the Central Bank's credit control policy, the passing of The Equalization of Land Rights Act and Amendment to housing tax regulations passed, in terms of land developments going forward, the residential projects will be mostly focused on urban renewals and joint development projects.
2. In response to the return of overseas Taiwanese enterprises in recent years, the Company has shifted our focus toward the demand for technology-oriented factory buildings in order to enhance our competitiveness and profitability.

(VI) Impact of changes in corporate image on corporate risk management and response measures:

Integrity is critical for maintaining the corporate image. Although the Company previously suffered a financial crisis which damaged its image, the

Company upheld the basic principles of integrity and implemented improvements which have significantly improved its image. The Company had recent years received the Golden Stone and First Platinum Award for Outstanding Brand Enterprise and the Urban Renewal Construction Excellence Award for Kuo Yang Tianmu.

we were honored with the Gold Award in Best Planning of the "Zhongxiao Courtyard" project. We also received a Silver Medal in Sustainability Reporting Award from the Taiwan Corporate Sustainability Awards (TCSA). These are both highly coveted prizes.

The Company actively sells remaining units and launches construction projects in popular areas. We will continue to focus on our main business to protect the rights and interests of shareholders.

(VII) Expected benefits and possible risks of mergers and acquisitions and response measures: Not applicable

(VIII) Expected benefits and potential risks of capacity expansion and response measures: Not applicable

(IX) Risks associated with over-concentration in purchase or sale and response measures:

1. Procurements

The Company's main procurements consist of the acquisition of land for construction and subcontracting of construction. The acquisition of land for construction is based on the Company's project launch strategy and we select land with development value. As for subcontracting, the Company carefully selects and evaluates contractors and all major construction projects are given to construction companies with Grade A Construction Engineering License with whom we have long-term partnerships. Therefore, the Company does not face risks in concentrated procurements.

2. Sales

Customers who buy houses from the Company are general consumers. The Company therefore does not face risks in concentrated sales.

(X) Impacts and risks arising from major exchange or transfer of shares by directors or shareholders with over 10% of shares in the Company: Not applicable

(XI) Impacts and risks arising from changes in management rights of the Company and response measures: There has been no change in management rights of the Company.

(XII) Litigation or non-litigation events: None

(XIII) Other significant risks and response measures: None

## VII. Other important matters:

- (I) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Han Lin Development Co., Ltd., Grand Hi-Lai Hotel Co., Ltd., and Hanshin Shopping Plaza Co., Ltd. for 29 plots of land including Plot 895 on Jiangbei Section in Xizhi District, New Taipei City with a total area of 5,551.35 pings on Monday, July 4, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 20% for Wei Li International Development Co., Ltd., 10% for Han Lin Development Co., Ltd., 10% for Grand Hi-Lai Hotel Co., Ltd., and 10% for Hanshin Department Store.
- (II) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Goldshare Investment Corporation, Hanshin Asset Management Co., Ltd., Hanshin Shopping Plaza Co., Ltd., Hsueh-Yong Ltd., and Heng-Rui Development Co., Ltd. for 3 plots of land including Plot 194, 196, and 197 on Longzhong Section, Gushan District, Kaohsiung City with a total area of 4,905.25 pings on Monday, March 21, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 5% for Goldshare Investment Corporation, 10% for Hanshin Asset Management Co., Ltd., 10% for Hanshin Shopping Plaza Co., Ltd., 5% for Hsueh-Yong Ltd., and 5% for Heng-Rui Development Co., Ltd.
- (III) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 9 plots of land including Plot 28 on Zhongxing Section, Sanchong District, New Taipei City with a total area of 1,828.28 pings on July 15, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 15% for Chuwa Wool Industry Co., (Taiwan) Ltd., 10% for Hanshin Asset Management Co., Ltd., and 15% for Grand Hi-Lai Hotel Co., Ltd.
- (IV) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies

- (V) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 19 plots of land including Plot 365 on Zhongyi Section, Tucheng District, New Taipei City with a total area of 5,344.27 pings on January 28, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies. "Grand Hi-Lai Hotel Co., Ltd." later withdrew from the project on June 29, 2021. The shares it previously held were transferred to Hanshin Asset Management Co., Ltd. The investment ratio change became effective on July 1, 2021.
- (VI) The Company signed a joint investment and development agreement with "Wei Li" land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings. "Wei Li" represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land (the company issuing the sales invoice) and the company responsible for purchases products or services (the company with input documentary evidence). It is also responsible for the settlement of the project. The parties later signed the "Joint Development Supplementary Agreement" on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", "Crowell Development", and "Han Lin Development". "Crowell Development" later withdrew from the project on July 15, 2019. "Wei Li" and the co-founders signed the "Joint Development Supplementary Agreement" for changing the investment ratio and settlement distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", and "Han Lin Development".
- (VII) The Company signed a joint investment and development contract with Chi Hsuan Development Co., Ltd., and Tsang Shan Development Co., Ltd. for 14 plots of land including Plot 1381-21 in Zhongzheng District, Keelung City with a total area of 12,520.95 pings, and 1 building No. 7256 in Tiaohe Section, Zhongzheng District, Keelung City with an area of 26.77 pings. According to the contract, the Company serves as the manager of the Project. The investment ratio is 55% for the Company, 30% for Chi Hsuan Development Co., Ltd., and 15% for Tsang Shan Development Co., Ltd.

(VIII) The Company's subsidiary Shen Yang Construction Co., Ltd. signed a joint investment and development contract with Wei Li International Development Co., Ltd., Han Lin Development Co., Ltd., and Ascent Development Co. Ltd., for 20 plots of land including Plot 258 on Zhongyuan Section in Zhonghe District, New Taipei City with a total area of 2,259.85 pings on Thursday, August 11, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 40% for Shen Yang Construction, 10% for Wei Li International Development Co., Ltd., 10% for Han Lin Development Co., Ltd., and 10% for Ascent Development Co., Ltd.

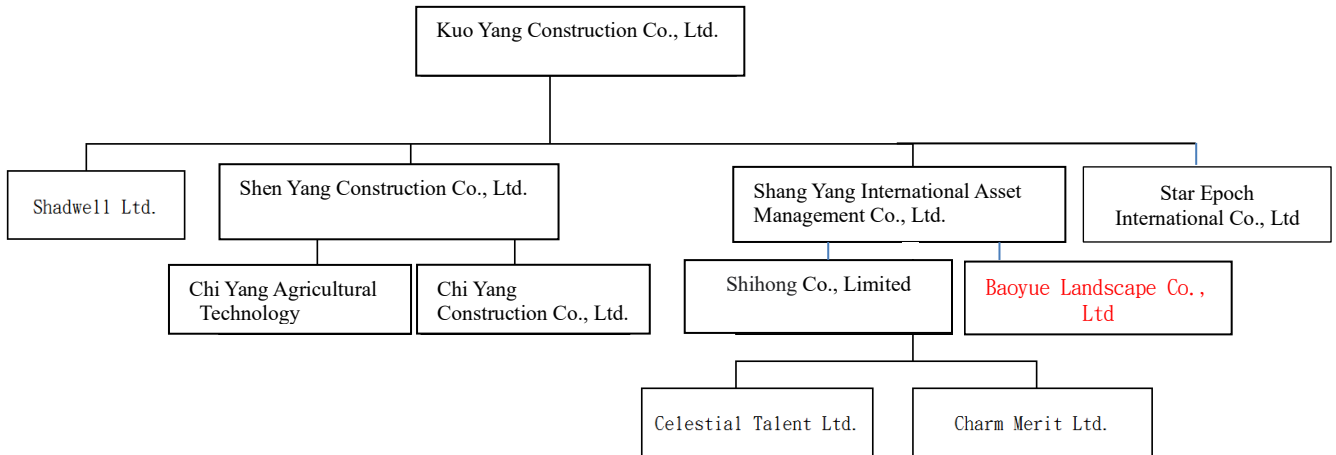
# Chapter 8 Special Disclosures

## I. Information on Affiliates

### (I) Consolidated Affiliate Business Report

#### 1. Overview of affiliates

##### (1) Organization chart of affiliates





## (2) Basic information of affiliates

## Basic information of affiliates

Unit: NT\$1,000

Company name	Date of establishment	Address	Paid-in capital	Main business or products
Shadwell Ltd.	1992.01.10	British Virgin Islands	4,742 (USD200,000)	Investment in real estate property
Shang Yang International Asset Management Co., Ltd.	2003.01.10	18F, No. 555-1, Section 4, Zhongxiao East Road, Xinyi District Taipei City	618,000	Residence and buildings lease construction and development
Shen Yang Construction Co., Ltd.	2013.11.21	18F, No. 557, Section 4, Zhongxiao East Road, Xinyi District Taipei City	1,600,000	Real estate investment, development, and rental and leasing
Star Epoch International Co., Ltd.	111.04.19	15F, No. 10, Siwei 4th Rd., Lingya Dist., Kaohsiung City	300,000	Residence and buildings lease construction and development
Che Yang Agricultural Technology Co., Ltd.	2014.05.09	18F, No. 557-1, Section 4, Zhongxiao East Road, Xinyi District Taipei City	2,500	Horticulture services and afforestation
Chi Yang Construction Co., Ltd.	2019.09.23	18F, No. 557, Section 4, Zhongxiao East Road, Xinyi District Taipei City	220,000	Residence and buildings lease construction and development
Baoyue Landscape Co., Ltd	112.06.21	18F, No. 555-1, Section 4, Zhongxiao East Road, Xinyi District Taipei City	2,000	Landscape and Interior Design Industry
Century Rainbow Ltd.	2013.06.03	Seychelles	31,322 (USD1,020,100)	Investment company
Celestial Talent Ltd.	2013.06.17	Seychelles	617 (USD20,100)	Investment company
Charm Merit Ltd.	2013.06.18	Hong Kong	30,705 (USD1,000,000)	Investment company

Note: The USD-NTD exchange rate on December 31, 2023 was 1:30.7050.

(3) Information on shareholders deemed to have control and subordinate relationship:  
None.

(4) Businesses covered by the affiliates' overall operations

Businesses operated by the Company and its affiliated companies include:  
Construction, Landscape industry, horticulture services, and investment.

## (5) Information on directors, supervisors, and presidents of affiliates

## Information on directors, supervisors, and presidents of affiliates

Unit: shares,%

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Shadwell Ltd.	Director	Kuo Yang Construction Co., Ltd.-Tzu-Kuan Lin	200,000	100%
Shang Yang International Asset Management Co., Ltd.	Director Supervisor	Kuo Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Chun-xun Hou Kuo Yang Construction Co., Ltd.-Cheng-I Wang	61,800,000	100%
Shen Yang Construction Co., Ltd.	Director Supervisor	Kuo Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Chun-xun Hou Kuo Yang Construction Co., Ltd.-Cheng-I Wang	160,000,000	100%
Star Epoch International Co., Ltd.	Director Supervisor	Kuo Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Chia-Chi Hou, Yi-Wen Chen Taiwan Life Insurance Co., Ltd. - Yu-Chi Huang Chu-Feng Yang, Kun-Tai Huang	24,000,000	80%
Che Yang Agricultural Technology Co., Ltd.	Director Supervisor	Shen Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Chun-xun Hou Shen Yang Construction Co., Ltd.-Cheng-I Wang	250,000	100%
Chi Yang Construction Co., Ltd.	Director Supervisor	Shen Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh, Chia-Chi Hou Tsung Hang Construction Co., Ltd.-Jui-Chang Huang Cheng-I Wang	17,600,000	80%
Baoyue Landscape Co., Ltd	Director Supervisor	Chen-gru LI Shang Yang International Asset Management Co., Ltd. Shao-Ling Peng、Chun-xun Hou Cheng-I Wang	102,000	51%
Century Rainbow Ltd.	Director	Kuo Yang Construction Co., Ltd.-Shao-Ling Peng	1,020,100	100%
Celestial Talent Ltd.	Director	Kuo Yang Construction Co., Ltd.-Shao-Ling Peng	20,100	100%
Charm Merit Ltd.	Director	Kuo Yang Construction Co., Ltd.-Shao-Ling Peng	1,000,000	100.00%

## 2. Status of operations of affiliates

### Status of operations of affiliates

Unit: NT\$1,000

Company name	Paid-in capital	Total value of assets	Total liabilities	Net worth	Operating revenue	Operating profit and loss	Current profit and loss(after tax)
Shadwell Ltd.	4,742	2,273	31	2,242	-	(70)	(70)
Shang Yang International Asset Management Co., Ltd.	618,000	649,053	786	648,267	-	(8,115)	(524)
Shen Yang Construction Co., Ltd.	1,600,000	3,000,781	1,345,147	1,655,634	155,915	28,936	50,831
Star Epoch International Co., Ltd.	300,000	299,676	437	299,239	-	(2,245)	(901)
Che Yang Agricultural Technology Co., Ltd.	2,500	1,028	37	991	-	(221)	(216)
Chi Yang Construction Co., Ltd.	220,000	331,155	111,651	219,504	-	(135)	134
Baoyue Landscape Co., Ltd	2,000	4,986	1,288	3,698	9,098	2,112	1,698
Century Rainbow Ltd.	31,322	647	354	293	-	-	(468)
Celestial Talent Ltd.	617	322	415	(93)	-	-	8
Charm Merit Ltd.	30,705	874	390	484	-	-	(482)

Note: The data from foreign companies have been converted to NTD based on the exchange rate on the report date.

(II) Consolidated financial statement of affiliates: Not applicable

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Kuo Yang Construction Co., Ltd.

Consolidated Financial Statement of Affiliates

Companies what should be included in the consolidated financial statement of affiliates as provided in “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliates” are all the same as what should be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards (IFRS) 10 in 2023 (from January 1, 2023 to December 31, 2023) and the relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. The Company shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declared by

Company Name: Kuo Yang Construction  
Co., Ltd.

Legal Representative: Tzu-Kuan Lin

March 13, 2024

(III) Affiliation Report: None

II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report: None

III. Status of company shareholding or handling by a subsidiary company for the recent year up to the publication date of the Annual Report: None

IV. Other necessary supplemental information: None

Chapter 9 Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 2, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report: None