

Stock Code: 5508



YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

2023 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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I. Letter to Shareholders

Dear Shareholders,

First of all, I would like to thank you for your continuing support throughout the year. YungShin Construction & Development Co., Ltd.(hereinafter referred to as “the Company” or “YUNGSHIN”) has responded to the changing business climate by adopting an aggressive stance in strengthening our competitiveness. The results of our operating performance in 2023, business plan for 2024, corporate development strategy, external competitive environment, regulatory environment, and macroeconomic conditions, are illustrated as follows.

Business Report of the Year 2023

Operating Performance in 2023

A. Operating Plan Implementation

Total consolidated revenue for 2023 reached NT\$8,227 million, which records a 99.07% strong growth from NT\$4,133 million in 2022. Net income increased 78.01% to NT\$2,729 million, compared with 2022 net income of NT\$1,533 million, resulting in diluted earnings per share was NT\$12.55.

1. Land Development

The Company aims to acquire land for medium to medium-high-priced housing. We used to start planning and permit applications right after the acquisitions. In 2023, the Company acquired lands for construction in Gushan and Zuoying.

2. Product Design, Research and Development

The Company’s product design and development are based on the perspective of functionality, health, and convenience. We stay attentive to the developments including government policy and market swing.

3. Construction Management Research and Development

The Company values the significance of worksite safety, strictly supervises construction quality, tracks construction progress, and monitors construction costs at all times. There are 10 quality asset portfolios in construction located in Fengshan, Renwu, Gushan, Sanmin, Lingya and Nanzi regions, including Project Baocheng II, Project Dachang, Project Dachang II, Project Fengdong, Project Fengdong II, Project Zhongdu V, Project Longhua IX, Project Normal Univ., Project Kaohsiung Univ. II, and Project Kaohsiung Univ. III.

4. Customer Service Research and Development

The usage licenses of Project Bo-Cui, Project Yuan-Xu, Project Qing-Yuan, Project Yong-Guang, Project Fenghua Town, and Project R5 New Generation were approved in 2023. The Company has imposed a one-on-one approach and customer-based service, from signing the contract to handing the product over to the customer, and further maintenance services.

B. Budget Implementation

The Company did not make a financial forecast for 2023, therefore a yearly comparison will not be disclosed.

C. Financial Income/Expenditure and Profitability Analysis

1. Financial Income and Expenditure Analysis

The net cash inflow from operating activities in 2023 was NT\$ 3,971 million, which sees a NT\$ 4,534 million cash inflow of increases in profit and contract liabilities and decreases in inventories. Net cash outflow from financing activities was NT\$ 3,787 million, mainly due to a NT\$ 6,421 million cash outflow of bank loan repayments.

2. Profitability Analysis

The net profit ratio for FY 2023 was 33.17%, a drop of 10.57% from 37.09% of FY 2022; 2023 annual EPS was up to NT\$ 12.55 from NT\$7.05 in 2022. The sales performance was boosted by regional development and the new preferential mortgage program, which ramped up the revenue and the net profit after tax. A decrease in the net profit ratio caused by the gross margin shrinks due to higher wages and material costs.

D. Research and Development Status

The company has invested a considerable amount of human resources and costs over the years and has continuously launched new housing products and services to meet the needs of customers. However, the Company belongs to the construction investment industry, entrusts professional builders to residential and commercial buildings for lease and sale, and does not require construction technology research and development.

Business Plan for 2024

A. Business Objectives

The Company's operating policies for the year 2024 includes:

1. Continue to sell the remaining of the Company's inventory, increase revenue and improve profitability
2. Continue seeking lands that are worth investing in, expand the scale of the Company
3. Monitor construction progress and improve construction quality.

B. Sales Forecast

The Company expects the following projects to generate revenue from the portfolio for sale: Her-Fon, Bo-Cui, Yuan-Xu, Qing-Yuan, Yong-Guang, Fenghua Town, Project R5 New Generation, and the projects estimated completion on 2024 of Project Baocheng II, Project Dachang, and Project Fengdong with the total of 1,000 units. The projection for 2024 is the sale of 580 units.

C. Sales & Production Policy

As mentioned above, there will be portfolios expected to be available for sale in 2024. The Company will value both price and quality in order to provide safe products and improve revenue.

Safety is the priority of production management. The Company insists on rigorous construction quality control and adheres to four inspection procedures to ensure the quality by manufacturer, checking engineer, technician, and architect. Ensure that the work meets the specifications and quality according to the drawings and method statement on construction. In every project, four inspection procedures work to check the materials, methods, also quality and safety of the residence.

Development Strategy

The Company's business remains dependent on construction and is working towards increasing its scale and improving its profitability. The Company will work on four different aspects in the future:

A. Land development

Land development is essential for construction companies. The Company does market surveys, understands the market needs, defines market segments, and

carefully selects a better location to develop. If there are cases worth invest, whether a city renewal case or the land rights case, the Company is willing to invest and not rules development to other neighboring cities out.

B. Financial Management

A stable financial structure is a philosophy that the Company has always adhered to. The Company maintains the most efficient use of the fund and accounts for its scale; it doesn't over-expand on credit use.

C. Manufacture Policy

The Company entrusts professional builders for construction rolling programs on plan; quality and progress are the priority, as accurately budget control.

D. Marketing Strategy

The Company separates Sales Department and Customer Service Department to improve sales efficiency and customer service quality. The sales department accounts for the work before signing, and the customer service department accounts for which after signing a contract.

The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

A. External competitive environment

The impact of the external competitive environment according to the Kaohsiung Construction Cost Index compiled by the Kaohsiung City Government, the cumulative average in 2023 was 108.06, an increase of 1.52% compared with the average index in the privier, of which the material index was 107.92 with an YoY increase of 0.58%, and the labor index had a shift of 3.31% to 108.39. Affected by factors such as geopolitical issues, trade conflicts, and climate change, the price of cement materials and machinery equipment, has risen by 10% to 20% compared with 2021. In addition, the supply and demand situation of the construction labor market has changed, and the tightness is unprecedented, and labor bargaining The increase in capacity has further contributed to the rise in the quotations for work shifts. The lack of work leads to prolonged construction periods and significant fluctuations in wage quotations, all of which challenge cost control, and the prices of existing homes and new projects continue to rise.

As the construction cost of new residential buildings continues to rise, the investment in new projects tends to be wary compared with the previous period.

According to the statistics of the Public Works Bureau of Kaohsiung City Government, the cumulative floor area of H2 residential buildings (excluding farmhouses) for the year 2023 was 1.89 million square meters, the number of 15,031 households, both decreased by 34% and 34% compared with the previous period. It is expected that the supply of new homes in the market will maintain a certain level of growth in the future years based on the yearly projects started scope over 15 thousand housing construction from 2020 to 2022.

B. Regulatory environment

The Central Bank has made five amendments to its selective credit control measures since December 2020 to help enhance bank management of real estate credit risk and curb an excessive flow of credit resources into the real estate market. In addition, the Central Bank's tightening of the policy rates and the reserve requirement ratios since March 2022 have both slowed the growth in construction loans and housing loans, also the non-performing loan ratio of real estate lending has stayed low. As government agencies carry on with their policy efforts under the Healthy Real Estate Market Plan and improve relevant mechanisms and measures, housing transactions and the price uptrend have both eased so far this year, with more policy effects expected to show successively.

Under the influence of the hiking rate and control policies, the proportion of land financing has dropped from 65% to 50% and increased restrictions on financing the remaining house, which cost more in capital acquisition. Under the premise of a solid and stable financial foundation, the Company has established and maintained healthy mutual trust with banks. The Company issued ordinary corporate bonds with fixed interest rates to reduce the impact of interest rate fluctuations, which also increased the flexibility of capital utilization.

C. Macroeconomic conditions

Global economic prospects face many downside risks which could weigh on the momentum of the global economic recovery. Global inflation prospects remain uncertain as commodity supply is threatened by climate change and geopolitical risks. If heightened, they could push commodity prices higher. International institutions expect the global economy to expand rapidly in 2024. Considering still elevated inflation rates, some central banks continued their rate hike paths, while other central banks kept policy rates on hold. The future path of domestic inflation trends would likely be affected by movements of international commodity prices and domestic services prices, as well as weather events.

In 2023, the housing market recorded slower transaction activity and a gradual moderation in the price uptrend. Construction and real estate industries as well as banks continued to be cautious about the housing market outlook. The hiring bottleneck as continued labor shortage in construction industries pushed up wage and related costs. The electricity tariff also hikes on the prices in the services and materials. Looking ahead, uncertainties still abounded for price trends and economic

activity. Major institutions at home and abroad projected Taiwan's economy to grow by 2.36%~3.35% in 2024.

Going forward, in view of downside risks to the global economy and the persistence of inflationary pressures, the Company will stay attentive to the developments including the spillover effects of tightening monetary, international raw material price changes, geopolitical risks, and extreme weather events. The Company will adjust its implementations in a timely manner as warranted to fit the market trend, so as to fulfill the duties of operation stability and appropriately reflect the business performance or achievements in dividends.

The Company will focus on the sales of the remaining portfolios, safety, and quality of completed projects to make its stability and growth. The Company always works hard and attempts to create higher profits to live up to the expectations of all shareholders. Thank you!

Best wishes everyone

Good health and good luck

Chairman

Chen Jing Ming

II. Company Profile

2.1 Date of Incorporation

Founded on April 2, 1987.

2.2 Company History

2.2.1. Information regarding merger and acquisition activities; strategic investments in affiliated enterprises; corporate reorganization; instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands; any change in managerial control; and any material change in operating methods or type of business during the most recent fiscal year: None.

2.2.2. Any other matters of material significance that could affect shareholders' equity:

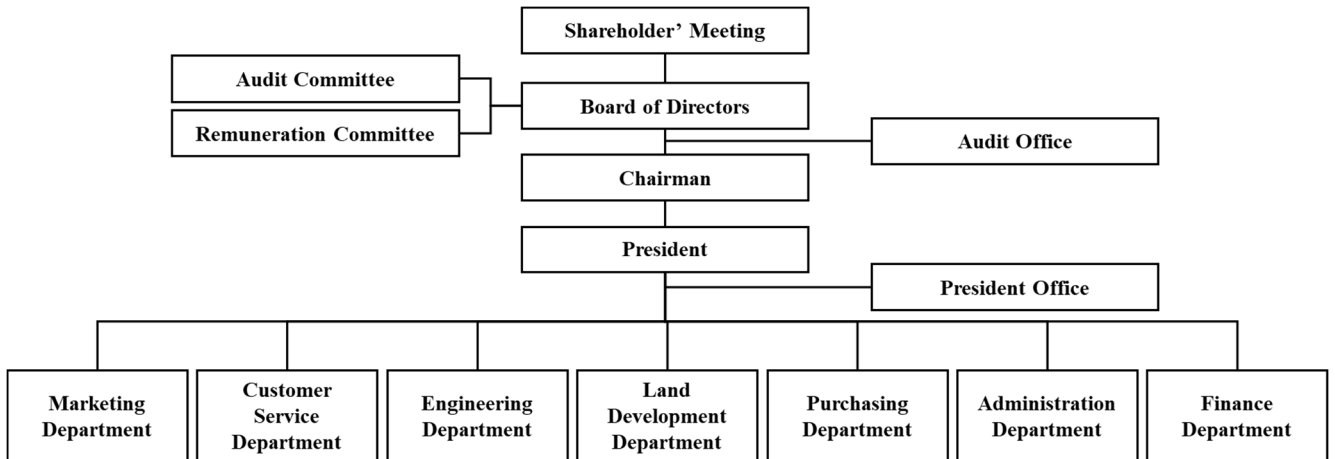
The distribution of NT\$ 6.3454 per share in cash dividends which has been reported to the 2023 shareholders' meeting was paid on Jul 26, 2023.

The board of directors (hereinafter referred to as “the BoD”) of the Company submitted the approval of the distribution of its earnings on Feb. 26, 2024. The distribution translates to NT\$ 11.2912 per share in cash dividends.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
President Office	<ul style="list-style-type: none"> • Supervising all business activities within the Company. • Research and preparation of the Company's medium and long-term business operation and development direction. • Strategic planning, business planning authorization and supervision. • Work assigned by the Chairman, Directors and President.
Land Development Department	<ul style="list-style-type: none"> • Collection, investigation and analysis of various environmental information. • Marketing research and development, intellectual property development and management. • Management, trading and exchange of land.
Finance Department	<ul style="list-style-type: none"> • Summarization and supply of accounting information, management and operation of finance and investment, annual budgeting, credit control, and stocks services. • Planning, construction and management of the Company's database, network system and hardware/software equipment.
Marketing Department	<ul style="list-style-type: none"> • Preparation, control and implementation of budget, gross profit and progress targets of the projects. • Preparation and implementation of product positioning, sales strategy and marketing plan. • Survey statistics and research of real estate market. • Research on economic and real estate situation. • Investigation, analysis and evaluation of the real estate data.
Customer Service Department	<ul style="list-style-type: none"> • Notification of collection and urgency of customer's payment. • Recommendation of loan bank for customer and disposal of loan procedures. • Item related to the delivery of housing. • Assistance in the establishment of the Community Management Committee. • Customer service upon acquisition of housing license.
Engineering Department	<ul style="list-style-type: none"> • Preparation and amendment of engineering-related systems, specifications and standard operating procedures. • Construction period calculation and schedule control. • Inspection and quality supervision of Building, structure, E&M, civil engineering and equipment construction. • Coordination and integration of construction management in the construction site.
Purchasing Department	<ul style="list-style-type: none"> • Planning and execution of quality control systems. • Recommended use of building materials, equipment and construction methods and collection and maintenance of relevant materials. • Calculation, budgeting and auditing of various work quantities. • Contracting of various projects and conclusion of contract. • Review and amendment of annual standard construction costs. • Disposal of assessment and valuation.
Administration Department	<ul style="list-style-type: none"> • Planning and execution of general affairs, factory affairs, and information systems. • Planning and execution of human resource resources strategies, policies and management. • Planning of the performance management system, employee performance appraisal and promotion.
Audit Office	<ul style="list-style-type: none"> • To assist the board of directors and managers in inspecting and reviewing defects in the internal control systems as well as measuring operational effectiveness and efficiency, and shall make timely recommendations for improvements to ensure the sustained operating effectiveness of the systems and to provide a basis for review and correction.

3.2 Directors and Management Team

3.2.1 Directors

Information on Directors (Including Independent Directors)

Unit: shares; Apr. 14th, 2024

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Other Position	Executives or Directors Who are Spouses or within Two Degrees of Kinship		Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Relation	
Director	ROC	Yung-Shuo Investment Representative: Jung-Ming Chen	M 61~70	Aug. 4 th 2021	3	April 02 1987	89,042,563	40.95	88,692,563	40.79	0	0	0	0	-	-	-	-	-
Independent Director	ROC	Tsung-Hung Chen	M 51~60	Aug. 4 th 2021	3	June 30 2015	36,000	0.02	35,000	0.02	5,000	0	0	0	Univ. of San Francisco -MBA	YUNGSHIN -President	-	-	Note1
Independent Director	ROC	Jong-Ming Huang	M 61~70	Aug. 4 th 2021	3	June 30 2015	0	0	0	0	0	0	0	National Sun Yat-sen Univ. - MBA Great City Construction - Chairman	-	Surgitech Corp. - President	-	-	-
Independent Director	ROC	Sung-Chiao Lin	M 61~70	Aug. 4 th 2021	3	June 12 2018	0	0	0	0	0	0	0	Taipei Medical Univ. -Dep. of Pharmacy National Chengchi Univ.-Bachelor of Business Administration KGI Bank - AM	-	-	-	-	-
Independent Director	ROC	Chi-Chong Ho	M 61~70	Aug. 4 th 2021	3	August 4 2021	10,000	0.01	2,000	0	1,000	0	0	National Sun Yat-sen Univ. - MBA Taiwan Sakura - AVP	-	-	-	-	-
Director	ROC	Yi-Yuan Hung	M 61~70	Aug. 4 th 2021	3	June 14 1997	1,290	0	1,290	0	0	0	0	National Sun Yat-sen Univ. - MBA YungShin Construction-VP	-	-	-	-	-

Note1: The Chairman of the BoD and the President of the Company are the same person. The company focuses on its core business; at present, the business strategy is clear and the execution is highly efficient under the management of the President. To strengthen corporate governance, the company has more than half of the seats of independent directors. In addition, the chairman of the BoD also serves as the President, voluntarily giving up any salary, which reduces concerns about conflicts of interest and sharing the remaining profits with shareholders.

Major shareholders of the institutional shareholders

Apr. 14th, 2024

Name of Institutional Shareholders	Major Shareholders
Yung-Shuo Investment	Yung-Te Investment (14%), Jia-Zhan Investment (13.8%), Hui-Jia Corp. (13.5%), Kohinoor Corp. (12.8%), Gao-Shin Construction (12.3%), Yung-Shin Investment (12.1%), Jia-Chang Investment (11.8%), Yuan-Kang Corp. (9.4%), Yi-Chun Chen (0.1%), Zhi-Jie Chen (0.03%).

Major shareholders of the Company's major institutional shareholders

Apr. 14th, 2024

Name of Institutional Shareholders	Major Shareholders
Yung-Te Investment	Yuan-Kang Corp.(15%), Gao-Shin Construction(15%), Hui-Jia Corp.(14.5%), Yung-Shin Investment(12.5%), Jia-Zhan Investment(12%), Jia-Chang Investment(10.8%)
Jia-Zhan Investment	Yung-Te Investment (15.1%), Yuan-Kang Corp.(15%), Hui-Jia Corp.(15%), Yung-Shin Investment(14%), Jia-Chang Investment(11.5%), Kohinoor Corp. (11%)
Hui-Jia Corp.	Yung-Shuo Investment(14%), Gao-Shin Construction(14%), Yung-Te Investment (13.9%), Jia-Zhan Investment(13.9%), Yung-Shin Investment(13.9%), Yuan-Kang Corp.(13.9%)
Kohinoor Corp.	Yung-Shuo Investment(15%), Hui-Jia Corp.(14.9%), Yung-Te Investment (14%), Yung-Shin Investment(13.5%), Jia-Chang Investment(12%), Yuan-Kang Corp.(10%)
Gao-Shin Construction	Yung-Shin Investment(15.3%), Yung-Te Investment (13.9%), Jia-Zhan Investment(13.8%), Hui-Jia Corp.(13.8%), Kohinoor Corp. (12.1%), Yuan-Kang Corp.(12.1%)
Yung-Shin Investment	Yuan-Kang Corp.(16.1%), Yung-Te Investment (12.5%), Jia-Zhan Investment(12.5%), Yung-Shuo Investment(12.5%), Jia-Chang Investment(12.5%), Gao-Shin Construction(12.5%)
Jia-Chang Investment	Yung-Shuo Investment(14%), Jia-Zhan Investment(14%), Gao-Shin Construction(14%), Yung-Te Investment (13.9%), Yung-Shin Investment(13.9%), Yuan-Kang Corp.(14%)
Yuan-Kang Corp.	Yung-Shuo Investment(14.8%), Jia-Zhan Investment(14.7%), Yung-Te Investment (13.4%), Yung-Shin Investment(12.9%), Hui-Jia Corp.(12.9%), Kohinoor Corp. (12.1%)

Professional Qualifications, Experience and the Independence of Directors and Independent Directors

Apr. 14th, 2024

Qualification		Professions & Experience	Independence	Board Member of Other Listed Companies	Holding shares of Independent Director together with those held by the person's spouse, minor children, or under others' names (shares)
Name					
Director (Chairman) Jung-Ming Chen	the President of YUNGSHIN, 30+ years of experience in managing construction company	worked in the bank and construction industry, had good knowledge of finance and auditing, 30+ years of experience in corporate finance	<ul style="list-style-type: none"> • None of the directors are spouses or relatives within the second degree. • There is no such thing as more than half of the directors concurrently serving as employees or managers. 	0	40,000 (0.02%)
Director Yi-Yuan Hung					
Independent Director Chun-Hong Chen	worked in the trading and construction industry and had good knowledge of real estate, 25+ years of experience in operation management	worked in a medical material distributor and had good knowledge of marketing and sales, 30+ years of experience in medical equipment supplies and distributor	<ul style="list-style-type: none"> • Independent directors, their spouses and relatives within the second degree are not in the following circumstances in the two years before the election and during their tenure: • Acting as a director of the Company or its affiliated companies. • Serve as a director of a company with a specific relationship with the Company (refer to Article 3, Item 1, Items 5-8 of the Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Complied with). 	0	0 (0%)
Independent Director Chon-Ming Huang					
Independent Director Song-Chu Lin	worked in a bank and had good knowledge of finance and auditing, 25+ years of experience in banking and accounting	worked in the construction industry and had good knowledge of building materials, 30+ years of experience in operation management.	<ul style="list-style-type: none"> • Remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliated companies. 	0	0 (0%)
Independent Director Chi-Chong Ho					

The Diversity Policy and Status of Independence of the BoD

• Diversity

The current BoD of YUNGSHIN was composed of 7 directors elected by the shareholders' meeting in 2021 with a 3-year term ^(Note). Mr. Chen Jung-Ming is the chairman of the board. The board meeting is held at least once a quarter to implement corporate governance and supervision. There are 4 independent directors among the 7 directors of the current board. The directors do not have any of the conditions specified in Article 30 of the Company Act. The members of the BoD include professionals and talents with many years of practical experience to strengthen corporate governance and promote

the sound development of the composition and structure of the BoD. The experience of the members in industries such as real estate, construction, marketing, and finance has good knowledge of the sustainable development of enterprises, skills, professionalism, and ability, in line with the board diversity policy and the board structure and diversity policy of the Company's " Corporate Governance Best Practice Principles."

The Diversity of the BoD

Director	Diversity		Component						Industry Experience						Professional Ability		
	Nationality	Gender	Staff	Age			Term of Independent Director	Real Estate	Healthcare	Services & Marketing	Finance	Architecture & Engineering	Banking & Insurance	Commerce & Supply	Law	Accounting	Risk Management
				40-50	51-60	61-70											
Jung-Ming Chen	ROC	M			V		V	O	V	O	V	O		O	O	V	
Yi-Yuan Hung	ROC	M			V		O		O	V		V	O	O	V	V	
Chun-Hong Chen (ID)	ROC	M		V			O		O		O	O	V	O		O	
Chon-Ming Huang (ID)	ROC	M			V			V	O				V	O		V	
Song-Chu Lin (ID)	ROC	M			V				O	V			O	O	O	O	
Chi-Chong Ho (ID)	ROC	M			V	V	O		V		O		V	O		V	

ID - Independent Director , V - as having ability, O - as having partial ability

Note: Director Ms. Huang resigned due to personal health reasons on Sep. 30, 2022.

- **Independence**

The current board of directors is composed of 6 directors, including 4 independent directors, and there are no items in Article 30 of the "Company Act." There is no spouse or relative within the second degree of relationship among directors, which complies with Article 26-3 of the "Securities and Exchange Act." In the two years before the election and during the term period, the independent directors did not have any incidents stipulated in Article 3, Item 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," the independent directors did not serve more than three consecutive terms. Please refer to page 10 "Information on Directors (Including Independent Directors)" for the number and proportion of the company's shares held by the director, director's spouse, minor children, or by nominee arrangement. For the independence of independent directors, please refer to page 12 " Professional Qualifications, Experience and the Independence of Directors and Independent Directors."

3.2.2 Management Team

Apr. 14th, 2024

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	ROC	Jung-Ming Chen	M	1987/04/02	40,056	0.02%	1,680	0%	0	0%	Univ. of San Francisco -MBA	-	Corporate Governance Officer	Yi-Chun Chen	F-D	Note1
Vice President of Purchasing	ROC	Yu-Fang Lu	F	2010/07/01	5,000	0%	0	0%	0	0%	National Kaohsiung Univ. of Applied Sciences - Civil Engineering	-	-	-	-	-
Vice President of Engineering	ROC	Yi-Chen Wu	M	2021/01/01	0	0%	0	0%	0	0%	National Kaohsiung Univ. of Applied Sciences - Civil Engineering	-	-	-	-	-
Vice President of Marketing	ROC	Hsien-Shu Chiu	F	2021/01/01	0	0%	0	0%	0	0%	Tunghai Univ. - Department of Business Administration	-	-	-	-	-
Vice President of Customer Service	ROC	Hsiang-Fang Chen	F	2021/01/01	11,000	0.01%	0	0%	0	0%	Tunghai Univ.- Department of International Business	-	-	-	-	-
Principal Accounting Officer	ROC	Chen-Ling Yu	F	2019/01/01	2,000	0%	0	0%	0	0%	Cultural Univ. - Department of Accounting	-	-	-	-	-
Associate of Marketing	ROC	Peng-Yung Lo	M	2021/01/01	5,360	0%	9,600	0%	0	0%	Nanya Institute of Technology – Department of Chemistry	-	-	-	-	-
Corporate Governance Officer	ROC	Yi-Chun Chen	F	2022/10/31	10,290	0.01%	0	0%	0	0%	Univ. of San Francisco - Entrepreneurship	-	President	Jung-Ming Chen	F-D	-

Note 1: The Chairman of the BoD and the President of the Company are the same person, the explanation please refer to page 10 ” Information on Directors (Including Independent Directors.)”

Remuneration of the President and Vice Presidents
(Voluntary Individual Disclosure)

This table covered the managerial officers with the top five highest remuneration amounts.

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Profit-Sharing Compensation (D)				Amount & Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company		
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	Cash	Stock	The Company	All Consolidated Entities			
President	Jung-Ming Chen	0	0	0	0	0	0	0	0	0	0	0	0%	0	0%	None
Vice President of Purchasing	Yu-Fang Lu	1,963	1,963	108	108	958	958	95	0	95	0	3,124	0.11%	3,124	0.11%	None
Vice President of Engineering	Yi-Chen Wu	1,797	1,797	37	37	706	706	87	0	87	0	2,627	0.10%	2,627	0.10%	None
Vice President of Marketing	Hsien-Shu Chiu	1,612	1,612	100	100	753	753	78	0	78	0	2,543	0.09%	2,543	0.09%	None
Vice President of Customer Service	Hsiang-Fang Chen	1,529	1,529	96	96	602	602	74	0	74	0	2,301	0.08%	2,301	0.08%	None

Note1: The chairman of the BoD also serves as the President, Mr. Chen Jung-Ming, voluntarily giving up any salary, which reduces concerns about conflicts of interest and sharing the remaining profits with shareholders.

Note2: This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

Distributions of Employee Profit-Sharing Compensation to Managerial Officers

Unit: NT\$ thousands; Dec. 31st, 2023

Title		Name	Compensation - in Stock	Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Jung-Ming Chen	0	508	508	0.02%
	VP of Purchasing	Yu-Fang Lu				
	VP of Engineering	Yi-Chen Wu				
	VP of Customer Service	Hsiang-Fang Chen				
	VP of Marketing	Hsien-Shu Chiu				
	Principal Accounting Officer	Chen-Ling Yu				
	Associate of Marketing	Peng-Yung Lo				
Corporate Governance Officer	Yi-Chun Chen					

Comparison of Remuneration for Directors, President and Vice Presidents in the Most Recent Two Fiscal Years and the Remuneration Policy

A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, president and vice presidents of the Company, to the net income.

Total remuneration paid to directors, president and vice presidents to net income	2022		2023	
	Amount	Ratio	Amount	Ratio
Directors	4,404	0.29%	1,500	0.05%
President & Vice Presidents	14,647	0.96%	10,595	0.39%

The changes in the remuneration paid ratio to directors, president, and vice presidents of the Company in the last two years are due to a strong growth of profit.

B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

According to Article 15 and Article 18 of “Articles of Association”, the amount of directors' remuneration shall be determined by the BoD, and take into account the extent and value of the services provided for the management of the Company and the standards of the industry, regardless of profit or loss. The Company shall set aside between 0.1% to 1% of its annual profits as a bonus to employees of the Company and set aside 3% or less of its annual profits as a bonus to Directors, provided however that the Company shall first offset its losses in previous years that have not been previously offset. The employees may be paid remuneration in stock or cash. The Directors may be paid remuneration only in cash.

Remuneration of Directors

Concerning the standards of the industry and attendance of the directors, the remuneration of the current BoD was approved by the BoD on Nov. 1, 2021, at NT\$300,000 for each director per year. Among these the chairman, Mr. Chen Jun-Ming, voluntarily waive the remuneration. To create better business performance, all members of BoD unanimously agreed to a waiver of profit-sharing compensation during the term.

Remuneration of Managerial Officers

The company's remuneration structure can be separated into fixed and variable salaries. The fixed salary is the monthly pay, consisting of salary and allowances, and the variable salary is bonuses and profit-sharing compensation. The company's Remuneration Committee refers to the industry standards, business performance, and future risk situation, inspecting and evaluating the rationality of managerial officers' remuneration. The Remuneration Committee recommends managers' year-end bonuses and whether to adjust their salary and allowance structure by measuring the annual profit situation and the achievement of individual managers' performance, which can reasonably reflect the manager's correlation between personal and the Company performance achievement. The employee profit-sharing compensation approved by the BoD under the "Articles of Association" shall be distributed to the managers with the ratio of their monthly salary to the total monthly salary of all employees. In addition, the chairman of the BoD also serves as the president of the Company, voluntarily waiving any pay, reducing concerns about conflicts of interest, and sharing the remaining profits with shareholders.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

■ Operation of the Board of Directors

A total of 5(A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Yung-Shuo Investment Rep.: Jung-Ming Chen	5	0	100%	
Director	Yi-Yung Hong	3	2	60%	
Independent Director	Tsung-Hung Chen	4	1	80%	
Independent Director	Jong-Ming Huang	5	0	100%	
Independent Director	Sung-Chiao Lin	4	1	80%	
Independent Director	Chi-Jung Hu	5	0	100%	

Note: If any director left office before the end of the fiscal year, their in-person attendance rate should be calculated based on the period they were in.

Other Information Required to be Disclosed

A. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(1) Any matter under Article 14-3 of the Securities and Exchange Act:

Please refer to pages 37 to 38 of the Annual Report.

(2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: N/A

B. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted.

Session	Motion	Recusals of Interest Conflict	Result
N/A	N/A	N/A	N/A

C. Implementation of Evaluations of the Board of Directors

Evaluation Cycle	Once a year
Evaluation Period	Jan. 1st to Dec. 31st of the assessment year
Scope of Evaluation	BoD (Whole & Individual Directors) Functional Committees (Remuneration Committee & Audit Committee)
Method of Evaluation	(1) The internal evaluation of the board (the Chairman rep. the BoD) (2) Self-evaluation by individual board members (3) The internal evaluation of functional committees (the Committee Convenor rep. the whole committee members)
Evaluation Content	<p>(1) Self-Performance Evaluation of the Board</p> <p><u>Evaluating Criteria</u> There are 45 standards to evaluate the performance with the following five aspects: participation in the operation (27%), improvement of the decision-making quality (26%), composition and structure of the BoD (14%), election and continuing education of the directors (17%), and internal control (16%).</p> <p><u>Evaluation Results</u> Self-Performance Evaluation Result: 87.4. The current BoD members have professional knowledge or industry experience to evaluate and supervise the company's operating conditions and the effectiveness of the internal control. In 2023, the board meeting was held every quarter, and the attendance rate was 87%.</p> <p>(2) Self-Performance Evaluation of Board Members</p> <p><u>Evaluating Criteria</u> There are 23 standards to evaluate the performance with the following six aspects: alignment of the goals and missions (13%), awareness of the duties (13%), participation in the operation (32%), internal relationship and communication (13%), professionalism and continuing education (16%), and internal control (13%).</p> <p><u>Evaluation Results</u> Self-Performance Evaluation Result: 88.6~94.8 6 members finished the questionnaire of self-evaluation. The directors did not concurrently serve as directors or supervisors more than 3 companies. Most of them can understand the responsibilities and obligations of directors, grasp the company's goals, policies, and industry characteristics, ensure sufficient and sufficient investment in board affairs, establish positive communication with the management team, and effectively evaluate and supervise various internal controls.</p>

	<p>(3) Self-Performance Evaluation of the Functional Committee [Remuneration Committee]</p> <p><u>Evaluating Criteria</u> There are 21 standards to evaluate the performance with the following five aspects: participation in the operation (20%), awareness of the duties (24%), improvement of the decision-making quality (28%), composition of the committee (13%), and internal control (15%).</p> <p><u>Evaluation Results</u> Self-Performance Evaluation Result: 90+. The members of the functional committee are properly composed with the expertise and knowledge, they can perform evaluation and supervision in a timely, professional, and objective manner and make suggestions. The annual convening situation was good.</p> <p>[Audit Committee]</p> <p><u>Evaluating Criteria</u> There are 22 standards to evaluate the performance with the following five aspects: participation in the operation (20%), awareness of the duties (23%), improvement of the decision-making quality (28%), composition of the committee (12%), and internal control (17%).</p> <p><u>Evaluation Results</u> Self-Performance Evaluation Result: 90+. The members of the functional committee are properly composed with expertise and management insight; they also attach importance to emerging issues and policies such as AQI and ESG, they can perform evaluation and supervision in a timely, professional, and objective manner and make suggestions. The annual convening situation was good.</p>
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D. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years:

The Company established an audit committee composed of all independent directors. There are more than half of the independent directors of the BoD, a total of four seats, to strengthen corporate governance and the functions of the BoD.

3.4.2 Audit Committee

The Committee is composed of the entire 4 independent directors, the professions and experience of the Committee members please refer to "Professional Qualifications, Experience and the Independence of Directors and Independent Directors". The main function of the Audit Committee is to supervise the fair presentation of the financial reports; the hiring (and dismissal), independence, and performance of CPA; the effective implementation of internal control; the compliance with relevant laws and regulations; the management of the existing or potential risks.

The core deliberation subject in 2023 includes reviewing quarterly and annual financial reports; evaluating the effectiveness of internal control by reviewing internal and external auditing and regular management reports; evaluating the independence and competence of CPA and the rationality of fees; and other major company matters. The Audit Committee members shall recuse themselves from proposals that may have interest conflict, however, there was no proposal that involved the interest of the members in the year. During the year, the audit committee convened four times, and the attendance rate was 87.5%.

Operation of the Audit Committee

A total of 4(A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director (Convenor)	Tsung-Hung Chen	3	1	75%	
Independent Director	Jong-Ming Huang	4	0	100%	
Independent Director	Sung-Chiao Lin	3	1	75%	
Independent Director	Chi-Jung Hu	4	0	100%	

Other Information Required to be Disclosed

A. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Session	Motion	Result	Executive Situation
2023/03/01	1. 2022 annual financial statements 2. 2022 earnings distribution 3. 2022 annual business report 4. 2022 Implementation status and statement of the internal control 5. Matters of corporate bond issuing 6. Audit Committee's Review Report	Present members agree to pass.	Approved by the BoD or shareholders' meeting.
2023/05/01	1. Appointment and the remuneration of CPA 2. The financial report for the first quarter of 2023 3. Amend the "Corporate Governance Best Practice Principles" 4. Establish the "Rules Governing Financial and Business Matters Between the Company and its Related Parties" 5. Related parties purchase the company's real estate products. 6. The company applies for financing guarantee limit from financial institutions.	Present members agree to pass.	Approved by the BoD
2023/08/01	1. The change of CPA due to the internal rotation of Deloitte Taiwan 2. The financial report for the second quarter of 2023 3. Establish the "Risk Management Practices Guidelines"	Present members agree to pass.	Approved by the BoD
2023/10/30	1. The financial report for the third quarter of 2023 2. The internal audit plan for the year 2024 3. Appliance to financial institutions for a financing guarantee line 4. Cancel the unissued corporate bond quota for the year 2023.	Present members agree to pass.	Approved by the BoD

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

B. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

C. Communications between the independent directors, the Company's chief internal auditor and CPAs:

The internal audit supervisor regularly provides audit reports to independent directors and conducts internal audit reports in the Audit Committee meeting every quarter. The internal audit supervisor reports to the independent directors on the audit business and the content of the annual audit plan. Independent communication methods are used. Those who are not independent directors or internal auditors do not participate in the report and discussion. The implementation of the audit business, the tracking of audit deficiencies, and its effectiveness have been fully communicated.

After the annual audit is completed, the accountant sends a communication letter to each independent director by mail. The communication includes the audit method, significant accounting estimates and key audit matters, significant exposures that need to be disclosed in the financial report and their impact on the financial report, as well as the audit quality indicators of the accountant team.

The independent directors of the Company have direct communication channels with the internal audit officer and CPAs by e-mail, phone, or face-to-face as needed. The independent directors follow the regulations of the competent authority, regularly check the Company's financial and business conditions, and directly communicate with the management team. The communication between the independent directors and the internal audit is good. The summary of the communication is as follows:

Methods	Communication Content	Opinion / Executive Situation
2023/03/01 Meeting	<ol style="list-style-type: none"> 1. Internal audit implementation and improvement of deficiencies in 2022. 2. Review of internal control self-assessment reports in each department. 3. Implementation of integrity management in 2022. 4. Recent release of regulations or other matters by supervisory authorities. 	Independent directors have been notified and no opinion.
2023/05/01 Meeting	<ol style="list-style-type: none"> 1. Internal audit implementation for the first quarter of 2023. 2. Review the matters of internal regulations and the differences with the public version. 3. Regarding the purchase order by a related party. 	Independent directors have been notified and no opinion.
2023/08/01 Meeting	<ol style="list-style-type: none"> 1. Internal audit execution status in the second quarter of 2022. 2. Review the matters of internal regulations and the differences with the public version. 	Independent directors have been notified and no opinion.
2023/10/30 Meeting	<ol style="list-style-type: none"> 1. Internal audit execution status in the third quarter of 2022. 2. 2024 internal audit plan. 3. Prevention measures related to recent major social events. 	Independent directors have been notified and no opinion.

3.4.3 Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for Listed Companies and the reasons
	Y	N	Summary Description	
1.Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for Listed Companies?	√		The “Corporate Governance Best-Practice Principles” has been approved by the BoD and placed on the corporate governance section of the Company's website.	None
2. Shareholding Structure and Shareholders’ Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	√		To ensure the rights and interests of shareholders, the Company has established stock management procedures and dedicated personnel to properly handle shareholders' suggestions, doubts, and disputes.	None
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	√		The Company tracks the changes in the shareholding of directors, managers, and major shareholders holding more than 10% of the shares every month.	None
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	√		The Company establishes appropriate risk control mechanisms and firewalls by the “Corporate Governance Best Practice Principles,” “Supervision and management of subsidiaries,” “Operational Procedures for Endorsements/Guarantees,” “Operational Procedures for Loaning Funds to Others,” “Procedures for the Acquisition or Disposal of Assets.” All contacts are treated as independent third parties, and unconventional transactions are prohibited.	None
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	√		The Company has established insider trading prevention and management measures, prohibiting company insiders from using unpublished information on the market to buy and sell securities, to prevent insider trading from happening.	None
3. Composition and responsibilities of the board of directors				
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	√		The composition of the BoD implements policy on diversity of "Corporate Governance Best Practice Principles," please refer to "The Diversity of the BoD."	None
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		√	The Company set up functional committees for auditing and remuneration. Other committees will be established in consideration of the company's operation if needed.	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for Listed Companies and the reasons
	Y	N	Summary Description	
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	√		The Company established regulations governing the board performance evaluation, conduct and report regularly scheduled performance assessments; please refer to "Implementation of Evaluations of the Board of Directors."	None
(4) Does the Company regularly evaluate its external auditors' independence?	√		The Company evaluates the professionalism, quality, and independence of the CPA every year. The evaluation factors referring to AQIs include the experience of the CPAs and audit team, non-audit service, report quality, timing character of the report, shareholding situation, ethical behavior, professionalism of the CPA team, and regulatory compliance.	None
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	√		The Company appointed its chief corporate governance officer, who is in charge of matters relating to BoD or shareholder's meetings; for further info please refer to the corporate governance section of the Company's website.	None
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	√		The Company maintains multiple channels of communication with its banks, shareholders, employees, consumers, suppliers, community, or other stakeholders, respecting and safeguarding their legal rights and interests, for further info please refer to the stakeholders' section of the Company's website.	None
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	√		The Company engages a professional shareholder services agent, Yuanta Securities, to handle shareholders' matters.	None
7. Information Disclosure				

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for Listed Companies and the reasons
	Y	N	Summary Description	
(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	√		The Company publishes its financial reports and the material financial or business transactions on MOPS before the specified deadline. To enhance information disclosure, the Company regularly updates its finances, operations, and corporate governance information on the website. The spokesperson system works well to ensure the proper and timely disclosure of information. Website : www.ys-construction.com.tw	None
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	√			None
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	√			None
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	√		Please refer to the website or the ESG report of the Company.	None
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement: The Company instructs a team to study and discuss the evaluation results, and improve the unscored items one by one in stages.				

3.4.4 Remuneration Committee

■ Composition of the Remuneration Committee

Apr. 14th, 2024

Capacity / Name	Qualifications	Professional Qualifications and Experience	Independence	Number of Other Public Companies at Which the Person Concurrently Serves as Remuneration Committee Member
Independent Director (Convenor)	Tsung-Hung Chen	(Note)	(Note)	0
Independent Director	Sung-Chiao Lin	(Note)	(Note)	0
Independent Director	Chi-Jung Hu	(Note)	(Note)	0

Note: The professional qualifications, experience, and independence of the Remuneration Committee, please refer to “Professional Qualifications, Experience and the Independence of Directors and Independent Directors” on page 12.

■ Operation of the Remuneration Committee

- A. The Company’s remuneration committee has a total of 3 members.
- B. The term of the current members is from 2021/08/24 to 2024/08/03. The number of remuneration committee meetings held in the most recent fiscal year was: 2(A). The attendance by the members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director (Convenor)	Tsung-Hung Chen	2	0	100%	
Independent Director	Sung-Chiao Lin	2	0	100%	
Independent Director	Chi-Jung Hu	2	0	100%	

■ Other Information Required to be Disclosed

- A. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee: None.
- B. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members’ opinion: None.

C. Implementation Summary

Session	Motion	Result	Executive Situation
2023/01/10	1. Evaluations & remuneration of the BoD 2. Year-end bonus and promotion for managerial officers 3. 2022 profit-sharing compensation of employees and directors	1.~2.Refer to the industry standard, the Company's profit, personal business content, and results of individual managers, and reach a consensus recommendation. 3. Follow the Company's practice and reach a consensus resolution.	Approved by the BoD
2023/06/28	1. Annual salary adjustment (including managerial officers.) 2. Regular review of the compensation policy system.	1. Evaluate and approve according to the case. 2. Assess the current system work appropriate.	Submit to the BoD.

3.4.5 Implementation Status and Deviations from the Sustainable Development Best Practice Principles for Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and the reasons
	Y	N	Summary Description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	√		The Company set up an ESG team in 2022 to be responsible for ESG related issues and report to the BoD regularly, which is led by the President's office in promoting sustainable development initiatives. The BoD supervises the communication with stakeholders, the schedule planning of greenhouse gas inventory, and other ESG issues by the regulations of the competent authority.	None
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note)	√		The Company has established multiple communication channels with stakeholders and constitutes a matrix of major issues based on two dimensions: "degree of stakeholders' concern" and "degree of ESG impact" relevant management and action countermeasures. For further content, please refer to the ESG report of the Company.	None
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	√		The Company establishes environmental pollution prevention and control measures such as reduction of air pollution and runoff wastewater pollution under the relevant regulations of the competent authority, requires contractors to work in compliance, and conducts daily environmental management publicity in construction site meetings.	None
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	√		The Company aims to reduce the annual electricity consumption in the office area by 500kwh, assuming that all electrical equipment operates continuously during business hours. This energy-saving goal has been achieved over the past three years through measures such as turning off lights during lunch breaks, turning on appliances when necessary, and purchasing energy-saving equipment. Regarding the use of renewable materials, we pay attention to the proportion of recycled materials used in reinforcement and concrete raw materials. Without compromising safety or performance, we strive to select materials with green	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and the reasons
	Y	N	Summary Description	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them? ✓			<p>building material labels and water-saving and energy-saving equipment to provide customers with low-environment-impact residential products.</p> <p>In the form of a climate change workshop, the Company analyzes the possible operational and financial impacts of future climate change scenarios in Kaohsiung, the main place of operation, including physical risks such as rising average temperature and extreme weather, as well as transformation risks from the market, government policy, and regulatory trends. For the sand table deduction and countermeasures of related issues; please refer to the website section of "Corporate Social Responsibility Implementation Situation."</p>	None
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes? ✓			<p>The Company belongs to the construction industry. The production outsources construction partners and project contractors. The greenhouse gas emissions are based on the purchased power in scope 2 of the Company as the boundary. We aim to reduce ghg emission by 1% per year. Currently, carbon emission is through power consumption. The calculation of carbon emission equivalents, the total amount of water consumption, and waste used to calculate the coefficient in the past two years, according to the usage and waste disposal.</p> <p>In 2023, the GHG (greenhouse gas) emissions were 113.435 TCO₂e, and the largest source of GHG emissions was 75.992T from the electricity purchase of Scope 2. The GHG emissions of Scope 2 per employee were 1.727 and 2.202 TCO₂e in 2023 and 2022. The Company's consumed 516 tons water in the year 2023, and 528 tons in the year 2022; as for solid waste, it amounted to wastes 2.78 and 2.44 tons.</p> <p>Reduce energy and resource consumption by adopting energy-saving and water-saving equipment. In addition, due to the characteristics of the Company's residential products, the product has a long service life. Through planning and integration, we design inductive power-</p>	None

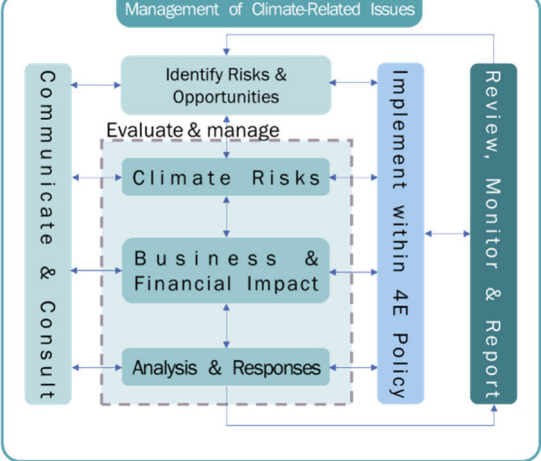
Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and the reasons
	Y	N	Summary Description	
			saving equipment and rainwater recycling systems to reduce the initial carbon emissions of residential buildings as much as possible. In the past two years, 100% of the residential buildings completed are equipped with solar photovoltaic systems. For further content, please refer to the ESG report of the Company.	
4. Social Issues				
(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	√		YUNGSHIN abides by Taiwan's labor-related laws and regulations, protects the legitimate rights and interests of employees, and follows the human rights proclaimed in international conventions such as the "The UN Global Compact," "Universal Declaration of Human Rights" and "ILO Declaration of Fundamental Principles and Rights at Work" protect the spirit and principles, formulate the Company's human rights policy, treat and respect every employee with dignity.	None
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	√		The Company follows the human rights policy to establish a diverse and non-discriminatory fair workplace, female executives account for 62.5%. It has a reasonable salary and welfare system. The Company properly reflects business performance in employee compensation. The year-end bonus is paid in consideration of performance, and 0.15% of the revenue is allocated as the welfare fund of the Welfare Committee to organize various activities and benefits.	None
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	√		The Company constructs a safe and healthy working environment in compliance with labor laws and conducts safety and health education. Under the premise that there are no systemic factors such as infectious diseases, it provides annual employee health checks, irregular flu vaccines, or other health welfare activities, and publicizes health-related information through the internal network to strengthen employees' safety and health awareness. Reported no occupational accidents or fire accidents in the year.	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and the reasons
	Y	N	Summary Description	
(4) Has the Company established effective career development training programs for employees? ✓			YUNGSHIN implements pre-employment training and on-job training. As part of the on-job training, the general courses planned by the Administration Dep. are suitable for all employees, including corporate integrity and insider transaction prevention promotion, information communication security promotion, etc.; training courses also are planned by each department according to business needs. Due to the seniority of most employees, the Company encourages employees to participate in external professional training and arranges visits to manufacturers or peers to refine industrial knowledge, skills, regulations, and policies that will effectively improve the work functions, enable employees to keep pace with.	None
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies? ✓			The Company has formulated the "Personal Information Protection Measures" to regulate customer privacy and data use, and protect consumer rights under the applicable laws of the competent authority on real estate transactions and international standards. In the consumption and after-sales service process, customers can give comments and feedback at any time through the sales center counter or the website.	None
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation? ✓			The company establishes the management of various project suppliers according to the categories of construction materials and engineering contracts. In the procurement of building materials, under the premise of conforming to the planning, design, and use effect, YUNGSHIN actively adopts manufacturers that can provide products with green building material labels or environmentally friendly concepts; in the procurement of kitchenware and lighting equipment, we use manufacturers that can provide equipment that meets the needs of water saving and energy saving. In the part of project contracting, suppliers are required in the contract to maintain labor safety and hygiene and abide by the regulations of each construction site, including fall prevention measures, using automated labor-saving and safe	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for Listed Companies and the reasons
	Y	N	Summary Description	
			equipment, and not using pregnant and postpartum women or laborers under the age of 18 hazardous work to improve the safety of operators.	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	√		Since 2022, the company has prepared the ESG report with referring to the GRI guidelines issued by the Global Reporting Initiative (GRI). However, please note that this report has not been verified by a third party.	None
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for Listed Companies, please describe any deviation from the principles in the Company's operations: None.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: Please refer to the ESG report of the Company.				

Note: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

3.4.5-1 Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	In 2022, the Company established an ESG team led by the General Manager's Office to maintain climate change-related risk and issue management. The BoD oversees the implementation of climate change-related action plans, greenhouse gas inventory planning schedule, and regularly listens to management team reports on the implementation and tracking of climate change workshops. In August 2023, the management team reported to the BoD on sustainable issues and risk management (including climate change issues.)
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Climate change-related physical risks may lead to issues such as labor shortages and project delays, while efforts to improve on-site operations could result in increased artificial costs. Transformational risks and opportunities associated with climate change include changes in consumer lifestyles and government policies. To mitigate the adverse effects of physical risks on living environments, designs incorporating ventilation and natural lighting are employed. The buildings are also adopting green energy through the installation of solar power systems. Meeting market trends by providing electric vehicle charging facilities, and introducing products that comply with local government green building specifications. For the short- and long-term impacts of climate change on operations, please refer to the sustainability report of the Company.
3. Describe the financial impact of extreme weather events and transformative actions.	Extreme climate events, in the long run, increase daily exposure and perceived temperature, making the implementation environment more challenging, pushing up construction risks and labor shortages; imbalances in labor supply and demand drive up manpower costs related to projects. Extreme weather may also affect the progress of project construction, with extended timelines increasing costs such as equipment rental fees and construction expenses. The transformation actions undertaken by upstream steel, cement, and other manufacturers may indirectly affect the material cost of construction. The impact of climate change on finances or business is detailed in the sustainability report of the Company.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	 <p>The management structure of climate risk as shown on the left, more detail please refer to the sustainability report of the Company.</p>
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described: N/A	
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks: N/A	
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated: N/A	
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified: N/A	
9. Greenhouse gas inventory and assurance status; reduction goals, strategies and specific action plans: N/A	

3.4.6 Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for Listed Companies and the Reasons

Evaluation Item	Implementation Status		Summary Description	Deviations from the Ethical Corporate Management Best Practice Principles for Listed Companies and the reasons
	Y	N		
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p>	√		The BoD has adopted "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct," which have been disclosed on the internal network and the website of the Company. The BoD and the management team actively implement the integrity policy and sign a statement promising to follow it.	None
<p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for Listed Companies?</p>	√		"Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct," of the Company have clearly regulated the behaviors in Article 7, paragraph 2 of "the Ethical Corporate Management Best Practice Principles for Listed Companies." The Company establishes an adequate accounting and internal control system, and the mechanism of mutual supervision and checks and balances works well to prevent dishonest behavior.	None
<p>(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>	√		The "Procedures for Ethical Management and Guidelines for Conduct" of the Company have clearly defined operating procedures, behavior guidelines, punishment, complaint systems for violations, reporting channels, and handling procedures to ensure the legitimate rights and interests of the whistleblower and the counterparty. It is disclosed on the website and internal network. A staff is arranged to manage reporting mailbox and related issues.	None
<p>2. Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p>	√		Based on the principle of integrity policy, the Company conducts fair business activities and has a good faith clause in the project contract to ensure that no kickbacks or other improper benefits are sent to employees or	None

Evaluation Item	Implementation Status		Summary Description	Deviations from the Ethical Corporate Management Best Practice Principles for Listed Companies and the reasons
	Y	N		
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation? ✓			<p>related parties. The contractor has to ensure that the quotation is fair, the delivered items are qualified, non-collusion affidavit and no inflated prices, and no cut corners or waste utilities.</p> <p>Integrity management is one of the major issues concerned by stakeholders. The ESG team implemented the promotion of corporate integrity under the supervision of the audit office. The implementation of ethical corporate management is reported to the BoD once a year.</p>	None
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies? ✓			<p>There is an interest avoidance clause in the "Rules of Procedure for Board of Directors Meetings". When a meeting item has an interested party with a director or the legal party he represents, he will state the important aspects of the interest, then voluntarily leave the meeting to avoid participating in the discussion and voting on the matter.</p>	None
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits? ✓			<p>The Company establishes an adequate accounting and internal control system and sets up check-and-balance mechanisms for mutual supervision of the business activities to actively prevents dishonest behavior. The audit office arranges the annual audit plan and conducts the audit according to the risk assessment results. The audit situation is reported to the independent directors for review, to the audit committee, and to the BoD regularly.</p>	None
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis? ✓			<p>In 2023, the ESG team implemented awareness programs of corporate integrity under the supervision of the audit office. The ESG team organized educational training activities with a focus on corporate integrity during company digital learning events, shared common patterns of non-compliance in stock trading, and discussed case studies. In addition, the company regularly promotes its policy of ethical management at internal meetings and implements ethical business practices in daily operations.</p>	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for Listed Companies and the reasons
	Y	N	Summary Description	
3. Implementation of Complaint Procedures				None
(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	√		The Company's website and internal network have whistle-blowing mailboxes and contact numbers that are dealt with by a dedicated unit under regulations. Whistle-blowing incentive measures are awarded according to the seriousness of the cases.	None
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	√		The Company ensures the confidentiality of the whistleblower's identity and content and allows anonymous whistleblowing. There are different procedures for reporting and handling depending on the importance of the personnel involved in the reported matter, and it will handle through legal channels and report to the competent authority if necessary.	None
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	√		The Company has protection and incentive measures for whistleblowers and promises to protect whistleblowers from being improperly dealt with due to whistleblowers.	
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	√		"Procedures for Ethical Management and Guidelines for Conduct," " Ethical Corporate Management Best Practice Principles" and the implementation of integrity management are disclosed on the website of the Company.	None
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: None.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): None.				

3.4.7 If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:

The Company has adopted corporate governance best-practice principles or related bylaws, please refer to the corporate governance section of the Company's website.

3.4.8 Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

Regarding the implementation of corporate governance, evaluations of the BoD, and actions of ethical corporate management; please refer to the corporate governance section of the Company's website.

3.4.9 The section on the state of implementation of the Company's internal control system shall furnish the following:

A. A Statement on Internal Control.

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.
Statement of Internal Control System

February 26, 2024

Based on the findings of a self-assessment, YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.(YUNGSHIN) states the following with regard to its internal control system during the year 2023:

1. YUNGSHIN's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and YUNGSHIN takes immediate remedial actions in response to any identified deficiencies.
3. YUNGSHIN evaluates 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 (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.
4. YUNGSHIN has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, YUNGSHIN believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of YUNGSHIN's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on February 26, 2024, with none of the five(5) attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

Chairman: Chen Jing Ming

President: Chen Jing Ming

B. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

3.4.10 If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.11 Material resolutions of a shareholders meeting or a board of directors meeting

Material resolutions of shareholders meeting

Date: 2023/06/06

Material resolution: The distribution of NTD 6.3454 per share in cash dividends.

State: The distribution of NTD 6.3454 per share in cash dividends which has been reported to the 2023 shareholders' meeting was paid on Jul 26, 2023.

Material resolutions of board of directors meeting

Date	Material Motion	Resolution
2023/01/10	<ol style="list-style-type: none"> 1. Evaluations & remuneration of the BoD 2. Year-end bonus and promotion for managerial officers 3. 2022 profit-sharing compensation of employees and directors 4. Cancel unissued amount of ordinary corporate bonds 	<p>Present directors agree to pass.</p> <p>Independent directors have been notified and no opinion.</p>
2023/03/01	<ol style="list-style-type: none"> 1. FY2022 financial statements 2. 2022 earnings distribution 3. 2022 annual business report 4. 2022 implementation status and statement of the internal control 5. Issuance of ordinary corporate bonds 6. Convening 2023 shareholders meeting 	<p>Present directors agree to pass.</p> <p>Independent directors have been notified and no opinion.</p>
2023/05/01	<ol style="list-style-type: none"> 1. Appointment and the remuneration of CPA 2. The financial report for the first quarter of 2023 3. Amend the "Corporate Governance Best Practice Principles" 4. Establish the "Rules Governing Financial and Business Matters Between the Company and its Related Parties" 5. Related parties purchase the company's real estate products. 6. The company applies for financing guarantee limit from financial institutions. 	<p>Present directors agree to pass.</p> <p>Independent directors have been notified and no opinion.</p>
2023/08/01	<ol style="list-style-type: none"> 1. The change of CPA due to the internal rotation of Deloitte Taiwan 2. The financial report for the second quarter of 2023 3. Establish the "Risk Management Practices Guidelines" 4. Annual salary adjustment (including managerial officers.) 	<p>Present directors agree to pass.</p> <p>Independent directors have been notified and no opinion.</p>

Date	Material Motion	Resolution
2023/10/30	<ol style="list-style-type: none"> 1. The financial report for the third quarter of 2023 2. The internal audit plan for the year 2024 3. Applianc to financial institutions for a financing guarantee line 4. Cancel the unissued corporate bond quota for the year 2023. 	<p style="text-align: center;">Present directors agree to pass.</p> <p style="text-align: center;">Independent directors have been notified and no opinion.</p>
2024/01/29	<ol style="list-style-type: none"> 1. Evaluations & remuneration of the BoD 2. Year-end bonus and promotion for managerial officers 3. 2023 profit-sharing compensation of employees and directors 4. Land acquisitions for construction from non-related parties in Gushan, Zuoying, and Renwu. 5. Issuance of ordinary corporate bonds 	<p style="text-align: center;">Present directors agree to pass.</p> <p style="text-align: center;">Independent directors have been notified and no opinion.</p>
2024/02/26	<ol style="list-style-type: none"> 1. FY2023 financial statements 2. 2023 earnings distribution 3. 2023 annual business report 4. 2023 implementation status and statement of the internal control 5. The amendment on partial articles of "Rules of Procedure for Board of Directors Meetings" 6. Election of the 13th YCDC Board of Directors 7. Review the qualifications of each director and independent director nominee 8. The Release of Directors from the Non-Competition Restrictions 9. Convening 2024 shareholders meeting 10. The amendment on partial articles of "Audit Committee Charter" 11. The company applies for financing guarantee limit from financial institutions. 	<p style="text-align: center;">Present directors agree to pass.</p> <p style="text-align: center;">Independent directors have been notified and no opinion.</p>

3.4.12 Where a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

3.4.13 Summary of Resignations and Dismissals of Key Personnel of the Company: N/A

3.5 Information on the professional fees of the attesting CPAs

3.5.1 Information on CPA (External Auditor) Professional Fees

Unit: NT\$ thousand

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Deloitte Taiwan	Xiu-wen Chen	2023/01/01	1,530	232	1,762	Non-audit fees are from services such as tax compliance check.
	Jia-ling Jiang	~ 2023/12/31				

A. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A.

B. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: N/A.

3.6 Information on replacement of CPAs

A. Information regarding the former CPAs

Date of replacement	(1) May 1, 2023. (Board Approval) (2) Aug. 1, 2023. (Board Approval)		
Reason for replacement and explanation	(1) It was the internal adjustment of Deloitte Taiwan according to Deloitte Taiwan's letter No. 11200021 dated Jan. 16, 2023. (2) It was the internal adjustment of Deloitte Taiwan according to Deloitte Taiwan's letter No. 11200773 dated Jun. 6, 2023.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Circumstances	CPAs	The Company
	Terminated the engagement	(1) N/A	
	No longer accepted (discontinued) the engagement	(2) N/A	
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	(1) None. (2) None.		
Disagreement with the Company?	Yes		Accounting principles or practices
			Disclosure of financial reports
		Audit scope or steps	
		Other	
	No	(1) V (2) V	
Other disclosures	(1) None. (2) None.		

B. Information Regarding the Successor CPAs

Name of accounting firm	Deloitte Taiwan
Names of CPAs	(1) Ruei-Shang Hsu; Jia-ling Jiang (2) Xiu-wen Chen; Jia-ling Jiang
Date of engagement	(1) May 1, 2023. (Board Approval) (2) Aug. 1, 2023. (Board Approval)
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	(1) N/A (2) N/A
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	(1) N/A (2) N/A

C. The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: N/A.

3.7 Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: N/A

NOTE: The term "affiliated enterprise of a certified public accountant's accounting firm" means one in which the certified public accountants at the accounting firm of the attesting certified public accountant hold more than 50 percent of the shares, or of which such accountants hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the certified public accountant.

3.8 Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Job title	Name	2022		Current fiscal year as of Apr. 14	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman & Major Shareholder	Yung-Shuo Investment	0	0	0	0
Rep. of Chairman	Jung-Ming Chen	0	0	0	0
Director	Yi-Yuan Hung	0	0	0	0
Independent Director	Chon-Ming Huang	0	0	0	0
Independent Director	Chun-Hong Chen	(1,000)	0	0	0
Independent Director	Song-Chu Lin	0	0	0	0
Independent Director	Chi-Chong Ho	(10,000)	0	0	0
President	Jung-Ming Chen	0	0	0	0
Vice President	Yu-Fang Lu	0	0	0	0
Vice President	Yi-Chen Wu	0	0	0	0
Vice President	Hsien-Shu Chiu	0	0	0	0
Vice President	Hsiang-Fang Chen	0	0	0	0
Principal Accounting Officer	Chen-Ling Yu	0	0	0	0
Assistant Vice President	Peng-Yung Lo	0	0	0	0
Corporate Governance Officer	Yi-Chun Chen	0	0	0	0

A. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged: N/A.

3.9 Relationships Among the Top 10 Shareholders

Apr. 14, 2024 ;Unit: thousand shares

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Yung-Shuo Investment Rep.: Jung-Ming Chen	88,693 40	40.79% 0.02%	— 2	— 0.01%	0 0	0% 0%	— —	— —	— —
Gao-Shin Construction Rep.: Shu-Ya Tsai	16,550 3	7.61% 0%	— 0	— 0%	0 0	0% 0%	— —	— —	— —
Jia-Zhan Investment Rep.: Mei-Hua Lin	15,308 0	7.04% 0%	— 0	— 0%	0 0	0% 0%	— —	— —	— —
Yung-Shin Investment Rep.: Li-Wen Sun	12,896 1	5.93% 0%	— 0	— 0%	0 0	0% 0%	— —	— —	— —
Yuan-Kang Corp. Rep.: Li-Juan Wu	10,823 0	4.98% 0%	— 0	— 0%	0 0	0% 0%	— —	— —	— —
Qin-An Investment Rep.: Hui-Bin Zhou	8,100 1,052	3.73% 0.48%	— 0	— 0%	0 8,100	0% 3.73%	— —	— —	— —
Jia-Cheng-Xin Investment Rep.: Shu-Ya Tsai	1,666 3	0.77% 0%	— 0	— 0%	0 0	0% 0%	— —	— —	— —
Morgan Stanley Investment Funds (as External Account Manager)	1,621	0.75%	0	0%	0	0%	—	—	—
Yung-Te Investment Rep.: Li-Wen Sun	1,517 1	0.70% 0%	— 0	— 0%	0 0	0% 0%	— —	— —	— —
Mega Securities Rep.: Pei-Chun Chen	1,202	0.55%	0	0%	0	0%	—	—	—

NOTE: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately. The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees. Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders.

3.10 The total number of shares and total equity stake held in any single enterprise by the company, its directors, managerial officers, and any companies controlled by the company: N/A.

IV. Information on Capital Raising Activities

4.1 Capital and Shares

4.1.1 Source of Capital Stock

Unit: thousand shares; NT\$ thousand

Month/ year	Issued price (NT\$)	Authorized capital		Paid-in capital		Remarks	Capital paid in by assets other than cash	
		Shares	Amount	Shares	Amount		Sources of capital	Other
04/1987	10	2,000	20,000	2,000	20,000	Initial Capital	None	None
03/1990	10	19,000	190,000	19,000	190,000	Capital Increase: [Cash] 170,000	None	None
03/1991	10	22,000	220,000	22,000	220,000	Capital Increase: [Cash] 30,000 (Note1)	None	None
01/1995	10	52,000	520,000	52,000	520,000	Capital Increase: [Cash] 300,000 (Note2)	None	None
06/1996	13	68,756	687,560	68,756	687,560	Capital Increase: [Cash] 115,560; [Earnings] 52,000 (Note3)	None	None
07/1997	15	91,000	910,000	91,000	910,000	Capital Increase: [Cash] 153,684; [Earnings] 68,756 (Note4)	None	None
05/1998	10	157,000	1,570,000	113,750	1,137,500	Capital Increase: [Earnings] 136,500; [Capital Reserves] 91,000	None	None
10/1998	39	157,000	1,570,000	157,000	1,570,000	Capital Increase: [Cash] 432,500 (Note5)	None	None
07/1999	10	196,250	1,962,500	196,250	1,962,500	Capital Increase: [Earnings] 235,500; [Capital Reserves] 157,000	None	None
10/2000	10	215,875	2,158,750	215,875	2,158,750	Capital Increase: [Capital Reserves] 196,250	None	None
12/2002	10	215,875	2,158,750	201,875	2,018,750	Capital Reduction: [Treasury Shares] 140,000	None	None
04/2003	10	215,875	2,158,750	197,875	1,978,750	Capital Reduction: [Treasury Shares] 40,000	None	None
01/2005	10	215,875	2,158,750	131,043	1,310,429	Capital Reduction: [Treasury Shares] 668,321	None	None
09/2009	10	215,875	2,158,750	183,460	1,834,601	Capital Increase: [Earnings] 393,129; [Capital Reserves] 131,043 (Note6)	None	None
09/2011	10	215,875	2,158,750	181,190	1,811,901	Capital Reduction: [Treasury Shares] 22,700	None	None
08/2015	10	220,000	2,200,000	217,428	2,174,281	Capital Increase: [Earnings] 362,380 (Note7)	None	None

Note1: The capital increase is approved according to Letter No. (80)TFS-I-00358 of the Securities and Futures Commission, Ministry of Finance on 1991/02/20.

Note2: The capital increase is approved according to Letter No. (83)TFS-I-02347 of the Securities and Futures Commission, Ministry of Finance on 1994/11/28.

Note3: The capital increase is approved according to Letter No. (85)TFS-I-32250 of the Securities and Futures Commission, Ministry of Finance on 1996/05/21.

Note4: The capital increase is approved according to Letter No. (86)TFS-I-29157 of the Securities and Futures Commission, Ministry of Finance on 1997/04/11.

Note5: The capital increase is approved according to Letter No. (87)TFS-I-58066 of the Securities and Futures Commission, Ministry of Finance on 1998/08/05.

Note6: The capital increase is approved according to Letter No. (98)FSSC-0980035869 of the Financial Supervisory Commission, Executive Yuan on 2009/07/17.

Note7: The capital increase is approved according to Letter No. FSSC-1040027661 of the Financial Supervisory Commission, Executive Yuan on 2015/07/22.

Note8: The current authorized capital amount of NT\$ 2,500,000 thousand is approved according to Letter No. 10901095130 of the AOC on 2020/06.

Apr. 14, 2024; Unit: thousand shares

Type of stock	Authorized Capital			Remarks
	Outstanding shares (TPEX listing)	Unissued shares	Total	
Common Stock	217,428	32,572	250,000	stock of TPEX listed

Information Relating to the Shelf Registration System: N/A

4.1.2 Shareholder Composition

Apr. 14, 2024; Unit: thousand shares

Quantity \ Composition	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Foreign Individuals	Total
No. of Shareholders	0	3	75	12,033	77	12,188
No. of Shares Held	0	123	162,090	45,678	9,537	217,428
Shareholding Ratio	0%	0.06%	74.55%	21.00%	4.39%	100%

4.1.3 Diffusion of Ownership

A. Common shares

Apr. 14, 2024

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
1 to 999	3,539	645,689	0.30
1,000 to 5,000	7,063	13,022,865	5.99
5,001 to 10,000	759	5,969,907	2.75
10,001 to 15,000	276	3,521,011	1.62
15,001 to 20,000	150	2,762,723	1.27
20,001 to 30,000	130	3,249,544	1.49
30,001 to 40,000	61	2,151,345	0.99
40,001 to 50,000	50	2,325,056	1.07
50,001 to 100,000	87	6,182,513	2.84
100,001 to 200,000	37	5,323,314	2.45
200,001 to 400,000	10	2,866,077	1.32
400,001 to 600,000	6	2,980,800	1.37
600,001 to 800,000	4	2,683,946	1.23
800,001 to 1,000,000	5	4,315,123	1.98
Above 1,000,001	11	159,428,220	73.33
Total	12,188	217,428,133	100.00

B. Preferred shares: N/A.

4.1.4 List of Major Shareholders

Apr. 14, 2024

Names of major shareholders	Shareholding (thousand shares)	Shareholding (%)
Yung-Shuo Investment	88,693	40.79%
Gao-Shin Construction	16,550	7.61%
Jia-Zhan Investment	15,308	7.04%
Yung-Shin Investment	12,896	5.93%
Yuan-Kang Corp.	10,823	4.98%
Qin-An Investment	8,100	3.73%
Jia-Cheng-Xin Investment	1,666	0.77%
Morgan Stanley Investment Funds (as External Account Manager)	1,621	0.75%
Yung-Te Investment	1,517	0.70%
Mega Securities	1,202	0.55%

Note: List all shareholders with a stake of 5% or greater, and also list top 10 shareholding shareholders.

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Item		Fiscal year	2022	2023	Current year
Market price per share	Highest		78.60	95.70	152.50
	Lowest		50.70	50.10	89.00
	Average		67.29	74.86	117.67
Net worth per share	Before distribution		26.62	32.82	N/A
	After distribution		20.28	21.53	N/A
Earnings per share	Weighted average shares (shares)		217,428,133	217,428,133	217,428,133
	Earnings per share	Non-adjusted	7.05	12.55	N/A
		Adjusted	N/A	N/A	N/A
Dividends per share	Cash dividends		6.3454	11.2912	N/A
	Stock dividends	from retained earnings	0	0	0
		from capital reserve	0	0	0
	Accumulated undistributed dividends		N/A	N/A	N/A
Return on investment analysis	Price/earnings ratio		9.21	5.70	N/A
	Price/dividend ratio		10.23	6.33	N/A
	Cash dividend yield		9.78%	15.78%	N/A

Note1: The average market price calculated by weighing transacted prices against transacted volumes each year.

Note2: The net worth per share based on the number of outstanding shares at yearend. The amount of distribution based on the amount resolved by the BoD or the shareholders meeting.

Note3: The earnings per share shall be disclosed in the amounts before and after the retrospective adjustments.

Note4: If issue terms of equity securities allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of undistributed dividends should be disclosed.

Note5: Price/earnings ratio = average closing price per share for the year / earnings per share.

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

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

Note6: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note7: If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends adjusted after distribution.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

According to Article 18-1 of “Articles of Association”, if earnings are available for distribution at the end of a fiscal year, 10% of net earnings – that is, after offsetting any loss from the prior year(s) and paying all taxes and dues – shall be set aside as a legal reserve and appropriated under the Securities Exchange Law. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal. Stock dividends will be distributed by the resolution approved by the Board of Directors and at the annual shareholders’ meeting. If dividends will be distributed in the form of cash, the board of directors is authorized to make a resolution adopted by a majority vote at a meeting of board of directors, and the distribution shall be reported to the shareholders.

The core business of the Company is a real estate investment, which is capital-intensive and closely related to prosperity. Considering the business environment, long-term financial planning, budgeting, and rights and interests of shareholders' protection, to keep long-term development, the distribution of dividends depends on the demand for operation and the degree of dilution of earnings per share. Appropriate stock dividends or cash dividends are distributed, of which cash dividends shall not be less than 10% of the total amount of dividends.

Based on the rights of shareholders and to share the Company's operating results with them, the Company has set a target dividend distribution ratio of 80% in its sustainable management policy.

B. Proposed Distribution of Dividend

The proposal for the distribution of 2023 profits was passed at the meeting of the Board of Directors on Feb. 26 ,2024. The proposal for a cash dividend of NT\$ 11.2912 per share and a stock dividend of NT\$ 0 per share was adopted and will be reported at the annual shareholders’ meeting.

C. If a material change in dividend policy is expected, provide an explanation: N/A.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

N/A

4.1.8 Profit-sharing Compensation of employees and directors

A. The percentages or ranges with respect to employee and director compensation, as set forth in the company's articles of incorporation.

According to Article 18 of “Articles of Association”, the Company shall set aside between 0.1% to 1% of its annual profits as a bonus to employees and set aside 3% or less of its annual profits as a bonus to directors, provided however that the Company shall first offset its losses in previous years that have not been previously offset. The employees may be paid remuneration in stock or cash. The directors may be paid remuneration only in cash. Above remuneration shall be determined by the BoD, and reported at the annual shareholders’ meeting.

B. The basis for estimating the amount of employee and director profit-sharing compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The estimated amount of employee profit-sharing compensation was 0.1% of annual profits according to “Articles of Association.” To create better business performance, all members of BoD unanimously agreed to a waiver of profit-sharing compensation during the term; the estimated profit-sharing compensation was 0. There was no remuneration paid in stock. Any discrepancy between the actual distributed amount and the estimated figure will be adjusted as an expense subject.

C. Information on any approval by the board of directors of distribution of compensation.

1. Recommended Distribution of Profit-sharing Compensation of Employees and Directors.

The employee profit-sharing compensation of 0.1% of annual profits (NT\$3,410,791) in cash and the director profit-sharing compensation of NT\$0 was adopted by the BoD on Jan. 29, 2024 and Feb. 26, 2024.

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

D. The actual distribution of employee and director compensation for the previous fiscal year, and if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated.

The approved employee profit-sharing compensation of NT\$1,888,964 in cash and the director profit-sharing compensation of NT\$0 by the BoD on Mar. 1, 2023, were paid; there was no discrepancy between the estimated amount and the actual distribution.

4.1.9 Buy-back of Treasury Stock: N/A.

4.2 Corporate Bonds

Type of corporate bonds	110-1 Secured Corporate Bond	110-2 Secured Corporate Bond	
Issue (transaction) date	2021.07.20	2021.09.27	
Face value	NT\$ 1 million	NT\$1million	
Place of issue and trading	N/A	N/A	
Issue price	Issue by denomination	Issue by denomination	
Issue amount	NT\$ 400 million	NT\$ 600 million	
Coupon rate	Fixed rate at 0.59% p.a.	Fixed rate at 0.55% p.a.	
Term	5 years, maturity: 2026.07.20	5 years, maturity: 2026.09.27	
Guarantor	Shanghai Commercial & Savings Bank	Mega International Commercial Bank	
Trustee	Taipei Fubon Bank	Taipei Fubon Bank	
Underwriter	Taiwan Cooperative Securities	SinoPac Securities	
Attesting lawyer	Chiu, Ya-Wen	Chiu, Ya-Wen	
Attesting CPA	Liu, Yu-Hsiang	Yu-Hsiang Liu	
Redemption method	Repayment in a lump sum upon maturity.	Repayment in a lump sum upon maturity.	
Unredeemed balance	NT\$ 400 million	NT\$ 600 million	
Conditions for redemption or early redemption	None	None	
Restrictive covenants	None	None	
Name of rating agency, date and result of rating	N/A	N/A	
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	N/A	N/A
	The issuance and conversion, exchange, or subscription rules	N/A	N/A
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.	None	None	
Name of the custodian institution of the exchangeable underlyings	N/A	N/A	

Note: The Changes in the Trustee of Bond 110-1 and 110-2 from Jih Sun Bank to Taipei Fubon Bank because of the merge effected on Apr. 1, 2023.

Type of corporate bonds	111-1 Secured Corporate Bond	112-1 Unsecured Corporate Bond	
Issue (transaction) date	2022.06.08	2023.07.21	
Face value	NT\$1million	NT\$1million	
Place of issue and trading	N/A	N/A	
Issue price	Issue by denomination	Issue by denomination	
Issue amount	A : NT\$ 400 million B : NT\$ 190 million	NT\$ 600 million	
Coupon rate	A : 1.80% B : 1.85%	Fixed rate at 2.975% p.a.	
Term	5 years, maturity: 2027.06.08	5 years, maturity: 2028.07.21	
Guarantor	A: Mega International Commercial Bank B: Yuanta Bank	N/A	
Trustee	Bank SinoPac	Bank Sinopac	
Underwriter	Mega Securities	SinoPac Securities	
Attesting lawyer	Jung-Jie Yu	Hui-ji Guo	
Attesting CPA	Yu-Hsiang Liu	Ruei-Shang Hsu	
Redemption method	Repayment in a lump sum upon maturity.	If the early redemption right is not exercised, repayment in a lump sum upon maturity.	
Unredeemed balance	NT\$ 590 million		
Conditions for redemption or early redemption	None	All or part of the bond could be redeemed by the issuer prior to the bond's maturity date. It could be called at any interest payment date with 30 days' notice to bondholders. The call would be exercisable at the face value of the bond with an interest of holding period.	
Restrictive covenants	None	None	
Name of rating agency, date and result of rating	N/A	N/A	
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	N/A	N/A
	The issuance and conversion, exchange, or subscription rules	N/A	N/A
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.	None	None	
Name of the custodian institution of the exchangeable underlyings	N/A	N/A	

4.3 Preferred Shares: N/A

4.4 Global Depositary Receipts: N/A

4.5 Employee Share Subscription Warrants: N/A

4.6 New Restricted Employee Shares: N/A

4.7 Basic Information on Companies That Are Merged or Acquired or Whose Shares Are Acquired by the Company: N/A

4.8 The Implementation of the Company's Capital Allocation Plans

4.8.1. Capital Allocation Plans

For each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

4.8.2. Status of Implementation

For funds usage under the plans referred to in the preceding subparagraph, analyze the status of implementation and compare actual benefits with expected benefits: N/A

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Major Lines of Business

1. Entrusted construction companies to build residential and commercial buildings for lease and sale.
2. Related to the trading of construction materials (except futures).
3. Design and construction business related to interior decoration.

B. Revenue distribution

One hundred percent of the company's operating income comes from the sale and leasing of domestic residential villas, commercial buildings, residential buildings, and shops, of which the sales amount accounts for close to 100% of the total revenue.

C. Current Products & Services

The company's current products are mainly building residences, commercial buildings, villa residences, and shops. After the development is completed, the construction factory is entrusted to build, the advertising company is entrusted to sell, and the after-sales maintenance service is provided after the sale is completed.

Current portfolio (license approved in 2023): Bo-Cui, Fenghua Town, Yuan-Xu, Qing-Yuan, Yong-Guang, and R5 New Generation.

D. New products & Services

The company has always determined the direction of product development based on the economic situation. The plans for the development of the case type are mainly based on the middle-priced and medium-to-high-priced residential buildings in the elite areas, and the high-quality villas are supplemented.

5.1.2 Industry Overview

A. The Current Status and Development of the Industry

In recent years, the industry has suffered considerable pressure from imported inflation owing to global supply chain bottlenecks and the geopolitical risks pushing up international raw material prices. Construction costs for newly-built homes continued climbing, on the other hand reflecting the rise in the national Urban Land Price Index, prices of new housing units were trending up. The housing market trading had started to slacken as a result of the concerted efforts under the government's Healthy Real Estate Market Plan as well as the hiking policy rate.

Despite some signs of cooling in housing transactions and slower price rises, the uptrend in housing prices continued. The construction industry continues to face a skilled labor shortage, with worker scarcity worsening since the beginning of the pandemic. The labor shortage has resulted in project delays and a significant rise in

labor costs. Furthermore, the elevated borrowing costs and the elevated price of construction materials could also have serious effects on construction activity.

B. The Links Between the Upstream, Midstream, and Downstream Segments of the Industry Supply Chain

The construction investment industry has a large considerable effect on the development of upstream, midstream and downstream industries. The upper reaches of the real estate market include cement, construction, iron and steel, E&M industries...etc. Besides, the sources of land supply include the sale of private land by landlords, public land auctions or joint construction, and the redevelopment of land in old areas through urban renewal procedures. In the downstream of the real estate market, there are agency sales, intermediary, decoration, printing, and building management industries...etc.

C. Product Trends and Competition

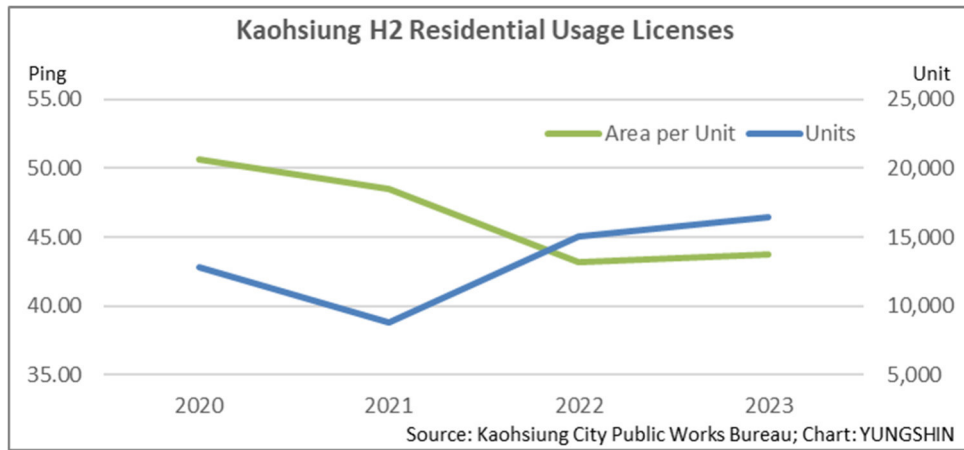
According to the statistics of the Kaohsiung Land Administration Bureau, the demand for small-area units has increased in recent years. On the other hand, the Kaohsiung City Government's statistics show the average area of miscellaneous permits is about 38.05 pings per unit. The average area of occupation permit is about 43.70 pings per unit. It can be found that the proportion of 2-3 room collective houses in the newly-built homes continued climbing in line with the market trend.

From the perspective of supply and demand in the real estate market in the Kaohsiung area, based on the 2023 H2 residential (excluding farmhouse) usage licenses announced by the Kaohsiung City Public Works Bureau, the cumulative total floor area is 2.38 million square meters, and the number of households is 16,442, of which the trend in supply units matched our prediction of the real estate in Kaohsiung. In terms of transactions, in 2023, according to the statistics of the Land Administration Bureau in Kaohsiung City, there were 41,488 transactions involving the sale and purchase of villa, apartments, and buildings. The top five districts by transaction volume are Sanmin, Nanzi, Fengshan, Lingya, and Zuoying districts. Despite the continuous rise in market interest rates has affected consumers' willingness to purchase, the market competition has not eased driven by the presence of leading enterprises in Kaohsiung.

Land and Building Ownership Registration in Kaohsiung

Type	2021		2022		2023	
	General Registration	Transaction	General Registration	Transaction	General Registration	Transaction
Plots	14,982	44,897	15,958	37,117	19,092	36,266
Area(m ²)	3,399,091	4,875,834	3,414,308	3,901,106	3,836,044	3,563,541
Avg. Area (Ping)	68.63	32.85	64.72	31.79	60.78	29.72

Source : Statistical Information Network Kaohsiung City



5.1.3 Research and Development

A. R&D Expenses in the Past Two Years

The company has invested a considerable amount of labor and costs over the years and has continuously launched new housing products and services to meet the needs of customers. However, the Company belongs to the construction investment industry, entrusts professional builders to residential and commercial buildings for lease and sale, and does not require construction technology research and development. R&D Expenses in the past two years was 0 and no further plans or investment in the future.

B. Research and Development Achievements: N/A

5.1.4 Long-term and Short-term Development

A. Short-term Development

The Company's short-term business development plan aims to focus on the construction industry, expand the scale of the project, and expand operating income. In the short term, we will actively look for suitable land for negotiation, and hire professional architects and designers to inject new atmosphere into the Company's case, plan new cases with lighting, air vent, good water quality, no noise, and no light pollution to meet consumer needs. And actively sell completed cases to expand revenue.

B. Long-term Development

The Company's long-term business development plan aims to focus on the operation of the construction industry. The main development location is in Kaohsiung. Products include residential villas and residential buildings, affordable and mid-to-high price swaps. Strengthen customer service, enhance the Company's image, innovate the scale of the proposal, achieve the Company's sustainable operation, and create a win-win situation for shareholders, employees and customers.

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Sales (Service) Region

The Company dedicated itself to bringing nice residential buildings and villas to the public in Kaohsiung since it was founded. In 2023, all portfolios of the Company were located in Kaohsiung City.

B. Market Share, Demand and Supply Conditions for the Market in the Future

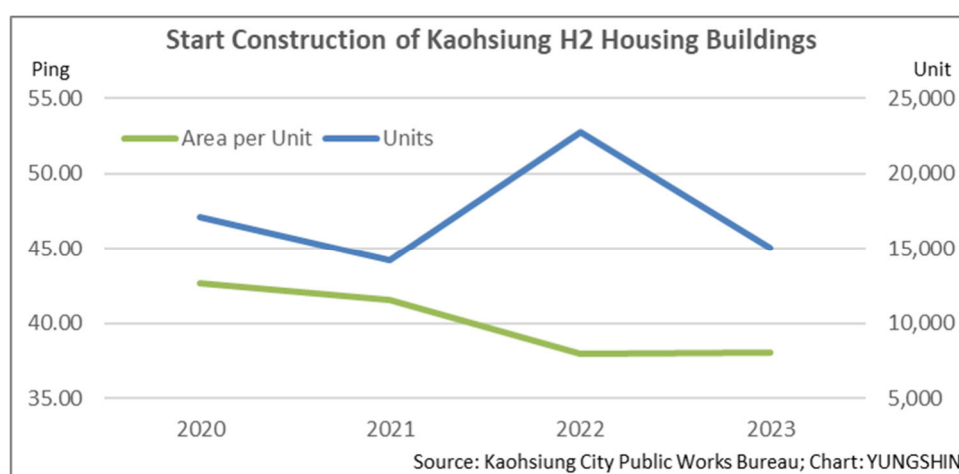
■ Market Share

The Company rolls out new portfolios every year, it has a certain scale of market share in Kaohsiung. According to the statistics of Land and Building Ownership Registration in Kaohsiung by the Kaohsiung Land Administration Bureau, the total general registration area was 3,836,044 m² in 2023; there was 95,900 m² from the Company's conveyancing units, and it was 2.50% of the total. On the other hand, in Kaohsiung Real Estate Trading Statistics, the total trading units for housing use was 33,654 in 2023; 636 units sold by the Company was about 1.89 % of the region.

■ Demand and Supply Conditions for the Market in the Future

(1) Demand and Supply Conditions in the Future

A report from the Economic Development Bureau of Kaohsiung City shows that there were 17,015 registered constructors in Kaohsiung by the end of 2023, including 188 companies with a capital of more than 100 million, and 3,767 registered companies in the real estate industry, there were 146 companies with a capital of more than 100 million. Besides a statistics report published by Kaohsiung Public Works Bureau shows that the total floor area of start construction of type-H2 housing building was 1.89 million square meters in 15,031 households. Discouraged by selected credit control measures and other real estate policy both total floor area and household unit decreased by 34%. It is expected that the supply of new homes in the market will maintain a certain level of growth in the future years based on the yearly projects started scope over 15 thousand housing construction from 2018 to 2022.



Start Construction of Type-H2 Housing Buildings in Kaohsiung

Unit : m²; unit

Item	Household Unit	Total floor area
Kaohsiung	15,031	1,890,555
YUNGSHIN	171 (1.14%)	25,935 (1.37%)

Source : Statistical Information Network Kaohsiung City

(2) The Market's Growth Potential

In recent years, new business districts have taken shape in Kaohsiung through large-scale public construction, industrial parks, and surrounding living functions. The population growth trend of Zuoying, Nanzi, and Gushan Districts in the North Kaohsiung area is more obvious; benefiting from the population overflow of the merger of the Big Kaohsiung, the population of Fengshan and Renwu have also shown growth. Major constructions in Kaohsiung's urban area are in place one after another. In addition, major construction projects in downtown Kaohsiung are nearing completion. This includes the underground railway project and the gradually improving public transportation network that enhances the quality of residential and leisure environments. With the marching of benchmark enterprises into "Kaohsiung Semiconductor Science Park" and "Asia Bay 5G AIoT Innovation Park," employment opportunities will increase and drive the development of surrounding communities. It is expected to attract home buyers to purchase houses. Demand will grow stronger.

C. The Company's Competitive Niche

■ Competitive Niche

1. Maintain financial stability and expand the scale of the proposed case to strive for higher profits.
2. Improve residential functions and product texture, and increase product value.
3. Create a reputation for sustainable management and excellent service, and establish market trust.

■ Positive Factors for Future Development

1. City renew program are rewarding and the implementation of the Dangerous Old Regulations will help activate the scale of the real estate market.
2. Local governments are gradually improving the public transportation network and actively promoting the development of digital technology industries.
3. It was partly sustained by the stationing of leading enterprises, accompanied by the inflow of capital and talents that will drive the development and prosperity of the city and the circulation of real estate in Kaohsiung.

■ **Negative Factors for Future Development and the Response Action**

1. Higher raw material prices, inflation expectations, hiking policy rates, and selective credit control measures increased capital cost and construction costs. Increasing cost boost housing price and makes home buyers turn cautious.
2. The amendments to the House Tax Act were approved which will raise the house tax on households owning vacant residential properties. The house hoarding tax on a vacant fourth or more units will be increased from 1.5~3.6% to 2.0~4.8%.
3. The Central Bank amended the policy of mortgage loans, including the introduction of a 70% cap on the LTV ratio for a second home loan of a natural person for housing in a "specific area," which took effect in June 2023.

Response Action

Carefully selects a better location to develop, target first-time home buyers and those who want to change houses, and prevent the impact from short-term investors.

5.2.2 Usage and Manufacturing Processes for the Main Products

A. Major Products and Their Uses

1. Residential buildings: residences, shops and basement parking lots.
2. Residential villas: storefronts or residential villas and parking spaces.

B. Major Products and Their Production Processes

The company belongs to the construction investment industry, and the product manufacturing process is as follows:

1. Land evaluation, price negotiation or tender purchase, confirming the acquisition of construction land.
2. After requesting the architect to plan and design the product, apply for a construction license.
3. Entrust a construction factory to build, and the company controls the construction quality, schedule and budget.
4. Entrust advertising company to sell or sell on its own.
5. After completion of the project, the house will be delivered and after-sales service will be provided.

Production Processes



5.2.3 Supply Status of Major Materials

- A. In terms of land, there is no shortage of land sales cases in the real estate market, and the quantity and timing of purchases should be considered based on the following factors:
1. According to the land development market survey and profit analysis, select the cases that meet the development interests and meet the market demand for negotiation.
 2. The elite area of the old tribe does not rule out the development of individual cases according to the urban renewal plan.
 3. Downtown hotels, motels, and old houses acquisition, and rebuild aged housing into buildings according to “Urban Renewal Act” and related regulations.
- B. In terms of construction projects, the company’s individual construction projects are contracted by the construction factory, and the E&M projects are contracted to the E&M manufacturers. The materials required for construction such as reinforcement, concrete and other materials have been established by the supplier after years of cooperation. The list of excellent manufacturers will be selected under the standards for qualifications year by year. The supply of raw materials and the selection of manufacturers shall be purchased and contracted by the purchasing unit in accordance with the prescribed procedures. In recent years, labor issues have replaced the rising material price as construction's biggest headache, however, there is no danger of inadequacy.

5.2.4 Information on Major Suppliers and Major Customers for the Most Recent 2 Years

A. Information on Major Suppliers for the Most Recent 2 Years

Unit : NT\$ thousand

Item	2022			2023				
	Name	Amount	% of annual net purchases (%)	Relationship	Name	Amount	% of annual net purchases (%)	Relationship
1	Y Construction Corp.	1,098,630	18.49	None	Y Construction Corp.	1,261,875	33.82%	None
2	Finance Bureau of KCG	931,711	15.68	None	-	-	-	-
3	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-
	Others	3,909,969	65.83		Others	2,469,146	66.18%	
	Net purchases	5,940,310	100.00		Net purchases	3,731,021	100.00%	

Note: List all suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years. A code in place of the actual name in revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party.

B. Information on Major Customers for the Most Recent 2 Years: N/A

There is no customer accounting for 10 percent or more of the Company's total sales amount in the 2 most recent fiscal years.

5.2.5 Production Volume and Value in the Most Recent 2 Fiscal Years

Unit : Ping; NT\$ thousand

Production Output	2022			2023		
	Capacity	Volume	Value	Capacity	Volume	Value
Residential buildings	-	27,229.60	4,413,433	-	38,944.50	5,802,759
Townhouse	-	-	-	-	7,257.70	1,233,561
Total	-	27,229.60	4,413,433	-	46,202.20	7,036,320

Note1: The Company commissioned a construction plant to build, so there is no production capacity issue.

Note2: The Company adopts the all-completion method. The output volume accumulates the total floor area of completed cases in the current year, and the output value is the total cost of the completed cases.

5.2.6 Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit : Ping; NT\$ thousand

Sales	2022				2023			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Residential buildings	14,155.56	4,131,869	-	-	27,667.79	7,891,891	-	-
Townhouse	-	-	-	-	1,364.85	334,257	-	-
Others	-	927	-	-	0	928	-	-
Total	14,155.56	4,132,796	-	-	29,032.64	8,227,076	-	-

Note: The sale volume accumulates the total floor area of conveyancing units in the current year.

5.3 Employee Statistics for the Most Recent 2 Fiscal Years up to the Annual Report Publication Date

Apr. 14, 2024

Fiscal year		2022	2023	As of Apr. 14, 2024 of the current year
Number	Office worker	30	37	38
	Engineer	5	7	7
	Total	35	44	45
Average age		48.5	46.3	46.8
Average years of service		18.6	16.9	16.9
Education distribution (%)	Ph.D.	0	0	0
	Master	3	11.4%	13.3%
	College	29	81.8%	80.0%
	Senior high school	3	6.8%	6.7%
	Below senior high school	0	0	0

5.4 Disbursements for Environmental Protection

5.4.1 Current States

The Company suffered no losses in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents, in which no possible expenses could be incurred currently or in the future.

5.4.2 Environmental Policy, Disbursements, and Countermeasures

- A. The Company's portfolios are contracted by the construction plant. It is expressly stipulated in the contract that the building should be carried out according to the work specification and construction drawings, and the contractor should comply with the regulations of the competent authority including pollution prevention and control measures. Any fines or damages shall be borne by the contractor; therefore, no possible expenses caused by environmental pollution could be incurred currently or in the future.
- B. The company sets up fences, nets, and dustproof cloths on the construction site, requires contractors to clean tires before leaving the construction site, etc., actively implements the prevention and control of air pollution, and pays air pollution control fees under the government's policy.
- C. In order to reduce the wastewater with pollutants caused by rain washing outdoor facilities, building surfaces, or outdoor operating environments, the company submits the runoff wastewater pollution reduction plan in accordance with the regulations and sets up and maintains rain tight shelters, drainage facilities, and grit chambers on the construction site regularly.
- D. Actively adopt building materials and equipment manufacturers that their product can meet green building materials labels, the needs of water saving and energy saving, or have environmental protection concepts under the premise of conforming to planning design and use results.
- E. In order to reduce the noise and vibration generated by working machinery and tools during the construction process, as well as the possible impact on the surrounding area caused by the entry and exit of construction vehicles and personnel, implement the identification and traffic assessment of adjacent houses before construction, and hold a coordination meeting for neighbor houses when necessary. And through the adjustment of construction work time to reduce the possible impact on the life of the surrounding communities.
- F. Setting up solar photovoltaic systems is one of the sustainability response actions of the Company. The total green response investment in the 2023 completed projects was NT\$4.67 million. The green energy that can be generated is 80.345 Kwatts. According to Taipower's solar photovoltaic capacity factor, it is expected to provide 93,039.5 degrees of power yearly.

5.5 Labor Relations

5.5.1 Employee Benefit Plans, Labor-Management Agreements, and Measures for Preserving Employees' Rights and Interests.

A. Employee Benefit Plans, Continuing Education, Training, Retirement Systems, and the Status of Their Implementation

1. Employee Benefit Plans

The employee of the Company enjoys benefits such as labor and health insurance, group insurance, health check subsidies, and house purchase discounts. Group insurance includes NT\$1 million life insurance coverage, NT\$1 million office worker accident insurance, NT\$2 million engineer accident insurance, NT\$500,000 critical

illness insurance, and cancer insurance. Therefore, the Company provides a quarter of a month's full salary as the Mid-Autumn Festival and Dragon Boat Festival bonus, and the year-end prize is linked to the profit situation. The average year-end bonus in 2023 is about 6~7 months of full salary. In addition, the company allocates welfare funds every year at 15/10,000 of the turnover to let the Welfare Committee plans various welfare program with subsidies and tourism activities. The welfare program properly reflects the operating performance and results.

2. Continuing Education & Training

To encourage employees to enrich their knowledge and capabilities, the Company implements pre-employment training and on-job training. Regarding pre-employment training, the HR department will lead recruits to understand the workplace environment and corporate culture on the day they arrive at work to help them adapt to the company life; in addition, each department also has individual counseling and training about its business.

The on-job training includes general courses for all employees, to propaganda corporate integrity and insider trading prevention, information security, etc.; there are also training courses planned by each department according to business needs. In order to practice strategic goals in a changing working environment, the Company actively encourages employees to participate in external professional training to keep pace with the times, so as to understand the latest industrial knowledge skills and regulations, engineering, accounting, and corporate governance staffs continue to study every year by rules of the competent authority. The Company is very willing to invest in the cultivation of employees. The Company subsidizes the expense of education and training for those who participate in professional training due to business needs. The average training time in 2023 is 19.9 hours.

3. Implementation of Retirement Systems

The Company stipulates retirement-related regulations by the "Labor Standards Act" and the "Labor Pension Act." Employees' retirement conditions are compared with the Labor Standards Law. Labor retirement reserves and labor pensions, employees whose seniority did not apply to the Labor Standards Act before April 1, 1987, will be paid in half according to the provisions of the Labor Standards Act after an agreement is reached between the employer and the employee. For employees who choose the new retirement system, the Company deposits pensions at 6% of their salary every month to each employee's pension account. Employees can also voluntarily withdraw their pensions within 6% of their monthly salary; when employees who choose the old system meet the retirement requirements, they can apply for a pension according to the Company's retirement system. A total of one (1) employee had retired in 2023.

B. Labor-Management Agreements, and Measures for Preserving Employees' Rights And Interests.

The chairman of the Welfare Committee negotiates the Company's employee welfare rights and interests with the management authority. The department head and HR officer take up the employee's work-related conditions with the management authority. There are various welfare measures, and the management system works well. Therefore, the rights and interests of employees are well maintained. The labor-management relationship is harmonious.

5.5.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

There are no violations of the Labor Standards Act in labor inspection and no possible expenses that could be incurred currently and in the future.

The labor-management relationship is harmonious. Labor relation coordination and labor-management harmony improve work efficiency, and it would less occur labor disputes in the future. Therefore, the possible losses due to labor disputes in the future maybe 0. The company sends representatives from employees every year to be elected as the chairman of the employee Welfare Committee and participates in meetings with department heads and management representatives of the company from time to time to discuss various benefits to ensure smooth communication between employees and the company.

5.6 Cyber Security Management

5.6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

In the cyber security management structure of the Company, the IT Section is the responsible unit for cyber security. It has a dedicated supervisor and a staff. The IT section implements the control of daily cyber security risk management and reports to the management authority regularly. After considering the industry characteristics, scale, and possible risks, the management team will report significant cybersecurity issues to the board of directors for relevant situations and responses. The Company has formulated the "Cyber Security Operation Procedures" in consideration of the "Cyber Security Guidelines for Listed Companies." Cyber security policies and related norms are announced to colleagues through the internal network, and IT staff promote the relevant info to colleagues during equipment inspections. The Company has an independent IT office and computer room, the IT system is backed up daily, and personal access control is implemented; the Company network sets up a firewall and restricts employees from connecting to unknown websites and emails from unknown sources. The cyber security section always pays attention to new information and security threats, and strengthens the Company's software and hardware protection measures according to the situation; the cyber security operation is in good condition, and there is no significant security risk.

5.6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None. (No significant cyber security incidents)

5.7 Important contracts

Apr. 14, 2024

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Lands Contracts	1 natural person	2024/01/19 ~ Transfer completed	Location: Renwu Amount: NT\$ 687.5 million	None
	1 natural person	2024/03/27 ~ Transfer completed	Location: Fengshan Amount: NT\$ 563.2 million	None
	2 natural persons	2024/04/01 ~ Transfer completed	Location: Fengshan Amount: NT\$ 383.1 million	None
Constructions Contracts	Yizhan Construction	2020/12/01 ~ Under construction	Project: Da Cun No.2 Amount: NT\$ 435 million	None
	Yizhan Construction	2021/07/01 ~ Under construction	Project: Kaohsiung Univ. No.2 Amount: NT\$ 248.5 million	None
	Yizhan Construction	2022/02/10 ~ Under construction	Project: Long Hua No.9 Amount: NT\$ 300 million	None
	Yizhan Construction	2022/10/21 ~ Under construction	Project: Kaohsiung Univ. No.3 Amount: NT\$ 432 million	None
	Yizhan Construction	2023/01/03 ~ Under construction	Project: Shi Da Amount: NT\$ 457 million	None
Loan Agreement Short-term payable	China Bills Finance Corporation	2023/04/29 ~2024/04/28	Yuanta Bank guarantees the issuance of C/P notes of NT\$1 billion to enrich working capital	None
Long-term Loan land and construction financing	First Bank	2021/03/04 ~2025/03/04	Project: Bao Cheng No.2 Amount: NT\$ 650 million	None
	First Bank	2021/07/12 ~2025/07/12	Project: Fung Dong Amount: NT\$ 450 million	None
	First Bank	2022/08/28 ~2027/02/28	Project: Fung Dong No.2 Amount: NT\$ 650 million	None
	Mega Bank	2021/12/30 ~2026/12/30	Project: Kaohsiung Univ. No.2 Amount: NT\$ 500 million	None
	Mega Bank	2023/03/07 ~2030/03/06	Project: Shi Da Amount: NT\$ 1.18 billion	None
	Yuanta Bank	2019/02/15 ~2023/02/15	Project: Da Cun Amount: NT\$ 430 million	None
	Yuanta Bank	2021/03/25 ~2024/09/25	Project: Da Cun No.2 Amount: NT\$ 1.1 billion	None
	Bank of Taiwan	2022/01/10 ~2027/01/10	Project: Long Hua No.9 Amount: NT\$ 800 million	None
	CHB	2021/12/30 ~2026/12/30	Project: Kaohsiung Univ. No.2 Amount: NT\$ 930 million	None
Corporate Bond	SCSB	2021/07/20 (5Y)	issuance guarantee Amount: NT\$ 400 million	None
	Mega Bank	2021/09/27 (5Y)	issuance guarantee Amount: NT\$ 600 million	None
	Mega Bank	2022/06/08 (5Y)	issuance guarantee Amount: NT\$ 400 million	None
	Yuanta Bank	2022/06/08 (5Y)	issuance guarantee Amount: NT\$ 190 million	None

Note: The contracts that may affect shareholders' equity were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year. The listed contract amount is at least 10% of the Company's pay-in capital.

VI. Financial Information

6.1 Condensed Balance Sheet and Statement of Comprehensive Income

Condensed Balance Sheet

Unit : NT\$ thousand

Item		Fiscal year	Financial Information for Most Recent 5 Fiscal Years				
			2019	2020	2021	2022	2023
Current assets			9,639,847	11,098,338	13,609,454	17,289,880	16,759,770
Property, Plant and Equipment			16,240	16,685	16,490	16,378	17,596
Intangible assets			0	0	0	0	0
Other assets			40,147	47,926	51,787	52,815	84,162
Total assets			9,696,234	11,162,949	13,677,731	17,359,073	16,861,528
Current liabilities	Before distribution		3,501,963	5,181,724	5,088,790	8,576,715	5,296,679
	After distribution		3,893,551	5,908,064	6,829,541	9,956,383	7,751,704
Non-current liabilities			1,821,669	1,193,178	2,593,071	2,994,276	4,428,634
Total liabilities	Before distribution		5,323,632	6,374,902	7,681,861	11,570,991	9,725,313
	After distribution		5,715,220	7,101,242	9,422,612	12,950,659	12,180,338
Equity attributable to owners of the parent company			4,372,602	4,788,047	5,995,870	5,788,082	7,136,215
Share capital			2,174,281	2,174,281	2,174,281	2,174,281	2,174,281
Capital surplus			231,750	231,750	231,750	231,750	231,750
Retained earnings	Before distribution		1,966,571	2,382,016	3,589,839	3,382,051	4,730,184
	After distribution		1,574,983	1,655,676	1,849,088	2,002,383	2,275,159
Other equity			0	0	0	0	0
Treasury shares			0	0	0	0	0
Non-controlling interests			0	0	0	0	0
Total equity	Before distribution		4,372,602	4,788,047	5,995,870	5,788,082	7,136,215
	After distribution		3,981,014	4,061,707	4,255,119	4,408,414	4,681,190

Condensed Statement of Comprehensive Income

Unit : NT\$ thousand

Item	Fiscal year	Financial Information for Most Recent 5 Fiscal Years				
		2019	2020	2021	2022	2023
Operating Revenue		2,338,894	3,085,608	6,037,288	4,132,796	8,227,076
Gross Profit		653,228	1,070,397	2,586,479	2,120,778	3,831,091
Operating Income		452,378	841,430	2,247,854	1,886,746	3,409,894
Non-operating income and expenses		672	183	165	328	(2,514)
Profit Before Income Tax		453,050	841,613	2,248,019	1,887,074	3,407,380
Net income for the period from continuing operations		435,534	807,711	1,934,796	1,532,792	2,728,591
Loss from discontinued operations		0	0	0	0	0
Net income (loss) for the period		435,534	807,711	1,934,796	1,532,792	2,728,591
Other comprehensive income (loss) for the period (net of Income Tax)		(452)	(678)	(633)	171	(790)
Total comprehensive income for the period		435,082	807,033	1,934,163	1,532,963	2,727,801
Net income attributable to owners of parent		435,534	807,711	1,934,796	1,532,792	2,728,591
Net income (loss) attributable to noncontrolling interests		0	0	0	0	0
Total comprehensive income attributable to owners of parent		435,082	807,033	1,934,163	1,532,963	2,727,801
Total comprehensive income, attributable to non-controlling interests		0	0	0	0	0
Earnings per share		2.00	3.71	8.90	7.05	12.55

The Name of the CPA and the Auditor's Opinion

Item Year	Accounting Firm	CPA	Audit Opinion
2019	Deloitte Taiwan	Yu-Hsiang Liu, Jen-Li Chen	Unqualified opinion
2020	Deloitte Taiwan	Yu-Hsiang Liu, Jen-Li Chen	Unqualified opinion
2021	Deloitte Taiwan	Yu-Hsiang Liu, Hsu Rui Hsuan	Unqualified opinion
2022	Deloitte Taiwan	Yu-Hsiang Liu, Hsu Rui Hsuan	Unqualified opinion
2023	Deloitte Taiwan	Xiu-wen Chen, Jia-ling Jiang	Unqualified opinion

6.2 Financial Analysis

Item		Financial Information for the Most Recent 5 Years					
		Fiscal year	2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio		55.90%	57.11%	56.16%	66.65%	57.67%
	Ratio of long-term capital to property, plant, and equipment		38,142%	35,848%	52,086%	53,623%	65,724%
Solvency (%)	Current ratio		275%	214%	267%	202%	316%
	Quick ratio		7.00%	6.33%	14.59%	5.33%	11.27%
	Times interest earned		6.70	9.56	22.01	13.30	15.72
Operating performance	Accounts receivable turnover (times)		55.18	65.14	100.40	104.41	660.38
	Average collection days		6.61	5.60	3.63	3.49	0.55
	Inventory turnover (times)		0.20	0.20	0.29	0.13	0.26
	Accounts payable turnover (times)		3.95	3.74	5.65	2.81	6.32
	Average days in sales		1,825	1,825	1,259	2,808	1,404
	Property, plant, and equipment turnover (times)		143.25	187.43	363.96	251.47	484.31
	Total asset turnover (times)		0.26	0.30	0.48	0.26	0.48
Profitability (%)	Return on total assets		4.90%	7.74%	15.58%	9.88%	16.14%
	Return on equity		9.75%	17.63%	35.88%	26.01%	42.68%
	Ratio of income before tax to paid-in capital		20.84%	38.71%	103.39%	86.79%	156.71%
	Net profit margin		18.62%	26.18%	32.04%	37.08%	33.53%
	Earnings per share (NT\$)		2.00	3.71	8.90	7.05	12.55
Cash flow (%)	Cash flow ratio		(30.45%)	(8.67%)	10.73%	(30.81%)	74.97%
	Cash flow adequacy ratio		(11.46%)	(23.36%)	(17.99%)	(29.04%)	2.71%
	Cash reinvestment ratio		(27.29%)	(14.07%)	(2.10%)	(49.95%)	22.42%
Leverage	Operating leverage		1.22	1.13	1.05	1.07	1.05
	Financial leverage		1.00	1.00	1.00	1.00	1.00
<p>The causes of changes (increase or decrease more than 20%) in the most recent 2 fiscal years:</p> <p>1. Financial structure Ratio of long-term capital to property, plant, and equipment: Corporate bond issuing and earnings for the year increased the amount of long-term capital by about NT\$2.78 billion.</p> <p>2. Solvency Current ratio and Quick ratio: Repayment of short-term loans and note payables, including the current portion of long-term bank loans, decrease current liabilities.</p> <p>3. Operating performance Deviation of accounts receivable, inventory, accounts payable, property, plant, and equipment turnover, and total asset turnover by over 20% due to doubling revenue.</p>							

4. Profitability

Deviation of return on total assets, return on equity, ratio of income before tax to paid-in capital, and earnings per share by over 20% due to revenue drive profit increasing.

5. Cash flow

Deviation of cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio by over 20% due to revenue drive increasing cash inflows from operating activities.

Note: : The formulas for the calculation of the financial ratios:

1. Financial structure

- (1) Debt to assets ratio = total liabilities / total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

- (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
- (2) Average collection days = 365 / accounts receivable turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
- (5) Average days in sales = 365 / inventory turnover.
- (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
- (7) Total asset turnover = net sales / average total assets.

4. Profitability

- (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
- (2) Return on equity = net income after tax / average total equity.
- (3) Net profit margin = net income after tax / net sales.
- (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.

5. Cash flow

- (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
- (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
- (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income
- (2) Financial leverage = operating income / (operating income - interest expenses)

6.3 Audit Committee's Report for the Most Recent Year's Financial Statement.

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

Audit Committee's Review Report

To: The 2024 Regular Shareholders' Meeting

The Board of Directors has prepared the Company's 2023 Business Report, the Proposal for Profit Distribution, and the Financial Statements certified by CPA of the Deloitte Taiwan. The Business Report, Financial Statements, and the Proposal for Profit Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Yungshin Construction & Development Co., Ltd. According to Article 219 of the Company Act, we hereby submit this report.

Chairman of the Audit Committee: Tsung-Hung Chen

Feb. 26, 2024

6.4 Financial Statements and Independent Auditors' Report: Please refer to page 75~134.

6.5 Financial Statements for the Years Ended December 31, 2023, and Independent Auditors' Report: Please refer to page 75~134.

6.6 The Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the printing date of the annual report shall explain how said difficulties will affect the company's financial situation:
None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit : NT\$ thousand

Item	Fiscal year	2022	2023	Difference	
				Amount	%
Current Assets		17,289,880	16,759,770	(530,110)	(3.07%)
Non-Current Assets		69,193	101,758	32,565	47.06%
Total Assets		17,359,073	16,861,528	(497,545)	(2.87%)
Current Liabilities		8,576,715	5,296,679	(3,280,036)	(38.24%)
Non-Current Liabilities		2,994,276	4,428,634	1,434,358	47.90%
Total Liabilities		11,570,991	9,725,313	(1,845,678)	(15.95%)
Capital stock		2,174,281	2,174,281	0	0.00%
Capital surplus		231,750	231,750	0	0.00%
Retained Earnings		3,382,051	4,730,184	1,348,133	39.86%
Total Stockholders' Equity		5,788,082	7,136,215	1,348,133	23.29%
The causes of changes in the most recent 2 fiscal years: (increase or decrease more than 20% and amount of change more than NT\$10 million)					
1. Non-Current Assets The changes in non-current assets are due to increasing performance guarantees and collateral for borrowings.					
2. Current Liabilities, Non-Current Liabilities, and Total Liabilities The changes in current and total liabilities are due to the repayment of bank loans. The increasing non-current liabilities are due to corporate bond issuing and building financing.					
3. Retained Earnings & Total Stockholders' Equity The increasing remaining earnings and total equity are due to revenue-driven profit growth.					

7.2 Analysis of Financial Performance

Unit : NT\$ thousand

Item \ Fiscal year	2022	2023	Difference	
			Amount	%
Operating Revenue	4,132,796	8,227,076	4,094,280	99.07%
G r o s s P r o f i t	2,120,778	3,831,091	1,710,313	80.65%
Operating expenses	234,032	421,197	187,165	79.97%
Operating Income	1,886,746	3,409,894	1,523,148	80.73%
Profit Before Income Tax	1,887,074	3,407,380	1,520,306	80.56%
<p>The causes of changes in the most recent 2 fiscal years: (increase or decrease more than 20% and amount of change more than NT\$10 million)</p> <p>1. Operating Revenue, Gross Profit, Operating Income, and Profit Before Income Tax The increasing number of completed units for sale and the stationing of leading enterprises drive sales of housing products in north Kaohsiung.</p> <p>2. Operating expenses The doubled operating expenses are due to revenue-related selling expenses, contribution to society, and expanded staffing.</p> <p>A sales volume forecast and the basis please refer to “Letter to Shareholders”.</p>				

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit : NT\$ thousand

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investing and Financing Activities	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
254,955	3,971,174	(3,822,896)	403,233	—	—

Analysis of change in cash flow in the current year:

- 1.The net cash inflow from operating activities shows increases due to growing revenue.
- 2.The net cash outflow from investing and financing activities comes from repayment of bank financing.

7.3.2 Cash Flow Analysis for the Coming Year

Unit : NT\$ thousand

Estimated Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Net Cash Flow from Investing and Financing Activities	Cash Surplus (Deficit)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
403,233	3,290,000	(3,611,000)	82,233	—	—

Analysis of change in cash flow for the coming year:

1. Beginning cash for the year is the cash surplus of FY2023.
2. Estimated net cash flow from operating activities sees operation performance.
3. Estimated net cash inflow from investing and financing activities comes from issuing corporate bonds, paying back bank loans, purchasing lands, and paying dividends.

7.3.3 Leverage Plans of Cash Deficit: N/A

7.4 The Effect Upon Financial Operations of any Major Capital Expenditures During the Most Recent Fiscal Year: N/A

7.5 Reinvestment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year:

The Company has not made any reinvestment as of the published date of the report, and there is no reinvestment plan for the next year yet.

7.6 Risk Management

7.6.1 The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

Changes in interest rates have a direct impact on consumers' willingness to buy houses and the Company's loan interest costs, but the impact is limited. Financial liability with cash flow interest rate risk for FY2023 was NT\$ 5,634 million. If the market interest rate changes by 1%, the Company's annual interest expenses will increase or decrease by NT\$ 56,340 thousand, accounting for about 2.06% of the Company's after-tax profit.

The company's products are 100% sold domestically, and there are few imported raw materials. Payments are all denominated in Taiwan dollars, so exchange rate changes have little impact on the Company's profit and loss. During inflation, due to the hiking cost of raw materials, the construction cost increases; however, the company adopts the model of building first and selling after the completion of the portfolio, so that the price can reflect the change in cost and reduce the erosion of profit and loss caused by changing. Therefore, the impact of inflation on the profit of the company is limited.

Response Measures

In order to balance the financial structure, enrich medium and long-term working capital, and reduce the risk of interest rate changes, the Company issued ordinary corporate bonds in the current year. Ordinary corporate bonds are issued at a fixed rate to lock in medium and long-term capital costs and reduce the impact of raising the interest rate in the future. The Company comprehensively develops housing portfolios with prices in medium or medium to high, areas with large to small square meters. Varies housing type strengthens product to meet the needs of different market groups, which increase sales revenue and individual case profit margins, it also reduces the impact of inflation on the Company's profit.

7.6.2 The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

The Company has no highly risky and highly leveraged investments, loaning to others, endorsements, guarantees, or derivatives transactions and no further plans or investment in the future.

7.6.3 Research and development work to be carried out in the future, and further expenditures expected for research and development work.

The company has invested a considerable amount of labor and costs over the years and has continuously launched new housing products and services to meet the needs of customers. However, the Company belongs to the construction investment industry,

entrusts professional builders to residential and commercial buildings for lease and sale, and does not require construction technology research and development. R&D Expenses in the past two years was 0 and no further plans or investment in the future.

7.6.4 Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

The Company follows the relevant laws and regulations stipulated by the competent authority and keeps an eye on their adjustments and changes. The Company's information disclosure and operation reporting comply with laws and regulations. Please refer to the "Letter to Shareholders" for the impact of changes in domestic industrial policies and laws in 2023.

7.6.5 Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

The effect on the company's financial operations of developments in science and technology is limited. In the cyber security management structure of the Company, the IT Section is the responsible unit for cyber security. It has a dedicated supervisor and a staff. The IT section implements the control of daily cyber security risk management and reports to the management authority regularly. The Company has an independent IT office and computer room, the IT system is backed up daily, and personal access control is implemented; the Company network sets up a firewall and restricts employees from connecting to unknown websites and emails from unknown sources. The cyber security section always pays attention to new information and security threats, and strengthens the Company's software and hardware protection measures according to the situation; the cyber security operation is in good condition, and there is no significant security risk.

7.6.6 Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

The Company has its contingency plan and crisis management team to respond effectively to a significant future incident, event, or situation. The crisis management team is composed of the Company's management team. When an emergency occurs, the Company will team with the relevant department to dispatch the required resources and ensure the contingency measures and solutions. Besides, there is a systematic response system for corporate crisis management and communication of the correct information through the spokesperson. In 2023, there was no corporate image crisis or such risk that had a material impact on the Company's operation.

7.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.

None.

7.6.8 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.

None.

7.6.9 Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

None.

7.6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

No significant change in shares holding.

7.6.11 Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.

None.

7.6.12 Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.

None.

7.6.13 Other important risks, and mitigation measures being or to be taken: The company has conducted risk assessments on sustainability issues related to the Company's operations under the principle of materiality, and the board of directors has approved risk management policies and action plans based on "4E". The ESG team led by the general manager's office promotes actions related to sustainable implementation and reports action status and performance to the board of directors yearly. For details, please refer to the Company's sustainability report.

7.7 Other Important Matters: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies: N/A

8.2 Private Placement of Securities During the Most Recent Fiscal Year: N/A

8.3 Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year: N/A

8.4 Other Matters That Require Additional Description: None.

8.5 If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

YUNGSHIN CONSTRUCTION &
DEVELOPMENT CO., LTD.

STATEMENTS AND INDEPENDENT
AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

Opinion

We have audited the accompanying balance sheets of YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD. (the "Company") as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 financial statements are stated as follows:

Evaluation of Inventories

Refer to Note 4, Note 5, and Note 8 for accounting policy on evaluation of inventories and details of inventories. Inventory is an important asset for the Company. As of December 31, 2023, the Company's inventory amounted to NT\$16,155,939 thousand, which accounted for 96% of the total assets.

Inventory includes land, building materials, designs, and the costs related to construction, which was valued at the lower of cost or net realizable value. The net realizable value is based on the recent actual transaction price of each construction project or the surrounding area where the construction project is located. Inventory

valuation is listed as a key audit matter because the relevant evaluation process involves major estimates and judgments.

How our audit addressed the matter:

1. At the end of the year, we observed and counted all inventories to determine the actual completion progress of the inventory and selected sample to check the accuracy of the accumulated inventory cost of the building under construction.
2. We selected samples to check the supporting documents of inventory valuation and recalculated the net realizable value of inventory to ensure the appropriateness of inventory valuation.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of 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.

The engagement partners on the audits resulting in this independent auditors' report are Xiu-wen Chen and Jia-ling Jiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China
February 26, 2024

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

ASSETS		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS					
1100	Cash (Notes 6)	\$ 403,233	2	\$ 254,955	2
1170	Accounts receivable (Notes 7 & 20)	24,800	-	116	-
1200	Other receivables	276	-	27	-
1320	Inventories (Note 4, 5, 8 & 27)	16,155,939	96	16,824,957	97
1478	Construction deposits paid	7,491	-	5,728	-
1479	Other current assets (Note 9)	168,031	1	204,097	1
11XX	Total current assets	16,759,770	99	17,289,880	100
NONCURRENT ASSETS					
1600	Property, plant and equipment (Note 4, 10 & 27)	17,596	-	16,378	-
1755	Right-of-use assets (Note 4 & 11)	356	-	685	-
1760	Investment property (Note 4, 12 & 27)	11,279	-	11,393	-
1920	Guarantee deposits paid	29,085	-	17,025	-
1980	Other non-current financial assets (Note 27)	41,060	1	23,052	-
1995	Other non-current assets	2,382	-	660	-
15XX	Total non-current assets	101,758	1	69,193	-
1XXX	Total Assets	\$ 16,861,528	100	\$ 17,359,073	100
LIABILITIES					
CURRENT LIABILITIES					
2100	Current borrowings (Note 13 & 27)	\$ 1,370,000	8	\$ 1,840,000	11
2110	Short-term notes and bills payable (Note 13 & 27)	-	-	999,735	6
2130	Current contract liabilities (Note 4 & 20)	424,229	3	61,792	1
2150	Notes payable (Note 15)	-	-	13,065	-
2170	Accounts payable (Note 15)	625,914	4	752,577	4
2219	Other payables (Note 16)	153,096	-	55,835	-
2230	Current tax liabilities (Note 22)	501,354	3	203,562	1
2280	Current lease liabilities (Note 4 & 11)	3,827	-	4,907	-
2322	Long-term borrowings, current portion (Note 13 & 27)	2,211,000	13	4,643,600	27
2399	Other current liabilities	7,259	1	1,642	-
21XX	Total current liabilities	5,296,679	32	8,576,715	50
NON-CURRENT LIABILITIES					
2530	Bonds payable (Note 14)	2,187,351	13	1,587,718	9
2540	Long-term bank loans (Note 13 & 27)	2,053,000	12	1,155,500	7
2580	Non-current lease liabilities (Note 4 & 11)	186,374	1	232,617	1
2640	Net defined benefit liability, non-current (Note 4 & 17)	1,753	-	18,285	-
2645	Guarantee deposits received	156	-	156	-
25XX	Total non-current liabilities	4,428,634	26	2,994,276	17
2XXX	Total Liabilities	9,725,313	58	11,570,991	67
EQUITY (Note 19)					
3110	Ordinary share	2,174,281	13	2,174,281	13
3200	Capital surplus	231,750	1	231,750	1
Retained earnings					
3310	Legal reserve	2,002,356	11	1,849,060	11
3350	Unappropriated retained earnings	2,727,828	17	1,532,991	8
3300	Total retained earnings	4,730,184	28	3,382,051	19
3XXX	Total Equity	7,136,215	42	5,788,082	33
Total Liabilities and Equity		\$ 16,861,528	100	\$ 17,359,073	100

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

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as for earnings per share amount)

Items	2023		2022	
	Amount	%	Amount	%
4000 Operating revenue (Note 4 & 20)	\$8,227,076	100	\$4,132,796	100
5510 Operating costs (Note 8 & 21)	<u>4,395,985</u>	<u>53</u>	<u>2,012,018</u>	<u>49</u>
5900 Gross profit (loss) from operations	<u>3,831,091</u>	<u>47</u>	<u>2,120,778</u>	<u>51</u>
Operating expenses (Note 21)				
6100 Selling expenses	218,203	3	78,345	2
6200 Administrative expenses	<u>202,994</u>	<u>3</u>	<u>155,687</u>	<u>4</u>
6000 Total operating expenses	<u>421,197</u>	<u>6</u>	<u>234,032</u>	<u>6</u>
6900 Net operating income (loss)	<u>3,409,894</u>	<u>41</u>	<u>1,886,746</u>	<u>45</u>
Non-operating income and expenses				
7100 Interest income	1,298	-	484	-
7190 Other income	169	-	521	-
7050 Finance costs (Note 21)	(<u>3,981</u>)	-	(<u>677</u>)	-
7000 Total non-operating income and expenses	(<u>2,514</u>)	-	<u>328</u>	-
7900 Profit (loss) from continuing operations before tax	3,407,380	41	1,887,074	45
7950 Total tax expense (Note 4 & 22)	<u>678,789</u>	<u>8</u>	<u>354,282</u>	<u>9</u>
8200 Profit (loss)	2,728,591	33	1,532,792	36
8300 Other comprehensive income (Note 17)				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(<u>790</u>)	-	<u>171</u>	-
8500 Total comprehensive income	<u>\$ 2,727,801</u>	<u>33</u>	<u>\$1,532,963</u>	<u>36</u>

(Continued)

Items		2023		2022	
		Amount	%	Amount	%
Earnings per share (Note 23)					
9750	Basic	\$ 12.55		\$ 7.05	
9850	Diluted	\$ 12.55		\$ 7.05	

(Concluded)

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

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

	Ordinary share	Capital surplus	Legal reserve	Retained Earnings		Total equity
				Unappropriated retained earnings	Total retained earnings	
A1	\$2,174,281	\$ 231,750	1,655,644	1,934,195	3,589,839	5,995,870
B1	-	-	193,416	(193,416)	-	-
B5	-	-	-	(1,740,751)	(1,740,751)	(1,740,751)
	-	-	193,416	(1,934,167)	(1,740,751)	(1,740,751)
D1	-	-	-	1,532,792	1,532,792	1,532,792
D3	-	-	-	171	171	171
D5	-	-	-	1,532,963	1,532,963	1,532,963
Z1	2,174,281	231,750	1,849,060	1,532,991	3,382,051	5,788,082
B1	-	-	153,296	(153,296)	-	-
B5	-	-	-	(1,379,668)	(1,379,668)	(1,379,668)
	-	-	153,296	(1,532,964)	(1,379,668)	(1,379,668)
D1	-	-	-	2,728,591	2,728,591	2,728,591
D3	-	-	-	(790)	(790)	(790)
D5	-	-	-	2,727,801	2,727,801	2,727,801
Z1	\$2,174,281	\$ 231,750	\$2,002,356	\$2,727,828	\$4,730,184	\$7,136,215

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

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

Items	2023	2022
Cash flows from (used in) operating activities		
A10000 Profit (loss) before tax	\$3,407,380	\$1,887,074
A20010 Adjustments to reconcile profit (loss)		
A20100 Depreciation expense	827	743
A20200 Amortization expense	325	87
A20900 Interest expense	3,981	677
A21200 Interest income	(1,298)	(484)
A29900 Other expense (income)	-	8
A30000 Changes in operating assets and liabilities		
A31150 Accounts receivable	(24,684)	78,933
A31180 Other receivable	(104)	-
A31200 Inventories	835,810	(3,830,375)
A31240 Other current assets	36,066	(65,855)
A31270 Assets recognised as incremental costs to obtain contract with customers	-	581
A32125 Contract liabilities	362,437	(164,625)
A32130 Notes payable	(13,065)	(9,645)
A32150 Accounts payable	(126,663)	108,846
A32180 Other payable	64,723	(94,622)
A32230 Other current liabilities	5,617	(1,948)
A32240 Net defined benefit liability	(17,322)	181
A33000 Cash inflow (outflow) generated from operations	4,534,030	(2,090,424)
A33100 Interest received	1,153	463
A33300 Interest paid	(183,012)	(123,327)
A33500 Income taxes refund (paid)	(380,997)	(429,412)
AAAA Net cash flows from (used in) operating activities	<u>3,971,174</u>	<u>(2,642,700)</u>
Cash flows from (used in) investing activities		
B02700 Acquisition of property, plant and equipment	(1,602)	(183)
B03700 Increase in refundable deposits	(13,823)	(963)
B06500 Increase in other financial assets	(18,008)	-
B06700 Increase in other non-current assets	(2,047)	(578)
BBBB Net cash flows from (used in) investing activities	<u>(35,480)</u>	<u>(1,724)</u>
Cash flows from (used in) financing activities		
C00100 Increase in short-term loans	2,845,000	2,620,000
C00200 Decrease in short-term loans	(3,315,000)	(1,425,000)

(Continued)

	Items	2023	2022
C00500	Increase in short-term notes and bills payable	\$ 8,595,505	\$10,298,837
C00600	Decrease in short-term notes and bills payable	(9,595,240)	(9,648,943)
C01200	Proceeds from issuing bonds	599,008	588,724
C01300	Repayments of bonds	-	(600,000)
C01600	Proceeds from long-term debt	1,570,500	3,330,100
C01700	Repayments of long-term debt	(3,105,600)	(1,045,000)
C04020	Payments of lease liabilities	(1,921)	(2,382)
C04500	Cash dividends paid	(1,379,668)	(1,740,751)
CCCC	Net cash flows from (used in) financing activities	<u>(3,787,416)</u>	<u>2,375,585</u>
EEEE	Net increase (decrease) in cash and cash equivalents	148,278	(268,839)
E00100	Cash and cash equivalents at beginning of period	<u>254,955</u>	<u>523,794</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 403,233</u>	<u>\$ 254,955</u>

(Concluded)

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

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

YUNGSHIN Construction & Development Co., Ltd. (the "Company") was incorporated in 1987. The Company is primarily engaged in selling and leasing commercial buildings and public housing constructed by commissioned construction contractors.

The Company's ordinary shares were listed on the Taiwan Over-The-Counter Securities Exchange in May 1998.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

The financial statements were authorized for issuance by the Board of Directors on February 26, 2024.

3. Application of New Standards, Amendments and Interpretations

- (1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company's accounting policies.

- (2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note1)</u>
Amendments to IFRS 16 "Lease Liability in a Sale and leaseback"	January 1, 2024 (Note2)
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 IFRS 7 and IAS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company continues in evaluating that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	TBD by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments and net defined benefit liability which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- A. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- B. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- C. Level 3 inputs are unobservable inputs for an asset or liability.

(3) Classification of current and noncurrent assets and liabilities

Current assets include:

- A. Assets held primarily for the purpose of trading;
- B. Assets expected to be realized within 12 months after the reporting period; and
- C. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- A. Liabilities held primarily for the purpose of trading;
- B. Liabilities due to be settled within 12 months after the reporting period; and
- C. Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

The Company is engaged in the contract construction of buildings sales business. The operating cycle is usually longer than one year. The classification criteria for current or non-current of construction-related assets and liabilities is based on the operating cycle.

(4) Accounting treatment of operation

Accounting treatment of operating income from construction

projects as below:

A. Operating revenue recognized and payments received in advance

The payment received from the buildings and land held for sale is included in the contract liabilities, and accumulated amount of contract liability is recognized as revenue when the ownership of the properties has been transferred to the customer.

Revenue from the properties is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Estimated sales returns and other allowances is generally made and adjusted based on historical experience and the consideration of varying contractual terms.

For contracts to sell properties in the ordinary course of business, the fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed and the property is transferred to the customer.

B. Inventories , Construction in progress and Operating costs

The Company's properties are constructed in self-build or co-construction with the land owner. The land cost , superficies, construction cost and expense are accounted for as "Construction in progress"; When the construction is completed, the costs are transferred to "Building and land held for sale". The of co-construction into land cost. The construction cost shall be respected according to the land owners' share of rights on land into land cost of co-construction. The building and land held for sale is accounted for as "Inventories".

The superficies are acquired with the purpose of building construction for sale. The royalty and the term of the rental are measured into inventory cost under IFRS 16.

Inventories include "Buildings and land held for sale", " Land held for construction site", "Construction in progress" and "Prepayment for land purchases". Inventories are stated at the lower of cost or net realizable value to make the sale. Inventory write-downs are made by item.

C. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying

assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(5) Assets related to contract costs

When a sales contract is obtained, selling commission paid to agents under exclusive sale agreements are recognized as assets (incremental costs of obtaining a contract) to the extent of the expected recoverable costs, and are recognized in profit or loss when the revenue is recognized.

(6) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less recognized accumulated depreciation.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(7) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, Investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

Investment properties under construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(8) Impairment of "Property, plant and equipment", "Investment property" and "Right-of-use assets"

At the end of each reporting period, the Company ascertain whether there is any indication that the “Property, plant and equipment”, “Investment property” or “Right-of-use assets” may be impaired, and if so, measurement of the estimated recoverable amount of the asset. If it was impossible to estimate the recoverable amount, estimate the recoverable amount of the cash-generating unit (CGU) which the asset belongs. Corporate assets are allocated to CGUs on a reasonable and consistent basis.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or CGU in prior years. A reversal of an impairment loss is recognized in profit or loss.

(9) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

A. Financial assets

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

(A) Measurement categories

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable, other receivables, other financial assets and guarantee deposits paid are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- a. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- b. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial restructuring, or the disappearance of an active market for the financial assets due to financial difficulties.

(B) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate

that a financial asset is in default (without taking into account any collateral held by the Company):

- a. Internal or external information show that the debtor is unlikely to pay its creditors.
- b. When a financial asset is overdue for at least 7 days unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(C) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expired or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

B. Financial liabilities

(A) Subsequent measurement

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

(B) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

C. Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

(10) Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

A. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease simultaneously include land and building elements, the Company classifies them as finance lease or operating lease based on whether substantially all of the risks and rewards from ownership of the elements have been transferred to the lessee. Lease payments are apportioned to land and buildings in proportion to the fair value of land and building lease rights on the contract establishment date. If lease payments can be apportioned reliably to these two elements, each element is treated according to the applicable lease classification. If lease payments cannot be allocated reliably to the two elements, the entire lease is classified as a finance lease, except when both elements clearly meet the standards of operating leases, the entire lease would be classified as an operating lease.

B. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities, and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero,

any remaining amount of the remeasurement is recognized in profit or loss. Right-of-use assets are presented on a separate line in the balance sheets.

(11) Employee benefits

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

B. Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The costs of defined benefits under the defined benefit retirement plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current period) and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses when they are incurred. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive profit and loss and included in retained earnings. It is not reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit retirement plan.

(12) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are

generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty - inventory valuation

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 49	\$ 44
Demand deposits	403,170	254,878
Checking deposits	<u>14</u>	<u>33</u>
	<u>\$ 403,233</u>	<u>\$ 254,955</u>

7. Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable		
Measured at amortized cost	<u>\$ 24,800</u>	<u>\$ 116</u>

The accounts receivable is collected under a legal right. There are no overdue accounts receivable or loss provisions at the balance sheet date.

8. Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings and land held for sale	\$ 6,560,487	\$ 3,862,773
Land held for construction site		
TDR or fragmental lands	44,195	44,195
Construction in progress	9,264,371	12,626,885
Prepayment for land purchases	93,018	51,025
Right-of-use asset	<u>193,868</u>	<u>240,079</u>
	<u>\$ 16,155,939</u>	<u>\$ 16,824,957</u>

The Company entered into agreements of national non-public use land with National Property Administration, MOF, and non-related party for the establishment of the superficies from 2017 to 2020, with a contract term maturing between September 2087 and February 2091. The duration of superficies is 70 years. The superficies could be used for building houses based on the lease contract. The leasehold right of superficies was recognized as a right-of-use asset and lease liabilities according to IFRS16.

The operating cost related to inventories were recognized NT\$4,395,985 thousand and NT\$ 2,012,018 thousand in 2023 and 2022 °

The company obtained bank financing and issued corporate bonds to build housing projects. Please refer to Note 21(1) for information of capitalization of borrowing costs.

Please refer to Note 27 for details of inventories pledged as collateral.

9. Other current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Offset against business tax payable	\$ 159,040	\$ 194,743
Others	<u>8,991</u>	<u>9,354</u>
	<u>\$ 168,031</u>	<u>\$ 204,097</u>

10. Property, plant and equipment

2023

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Transport equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 13,469	\$ 4,723	\$ 1,930	\$ -	\$ 1,696	\$ 21,818
Additions	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>602</u>	<u>-</u>	<u>1,602</u>
Balance at December 31, 2023	<u>\$ 13,469</u>	<u>\$ 4,723</u>	<u>\$ 2,930</u>	<u>\$ 602</u>	<u>\$ 1,696</u>	<u>\$ 23,420</u>

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Transport equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 2,497	\$ 1,287	\$ -	\$ 1,656	\$ 5,440
Depreciation expense	<u>-</u>	<u>77</u>	<u>250</u>	<u>17</u>	<u>40</u>	<u>384</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 2,574</u>	<u>\$ 1,537</u>	<u>\$ 17</u>	<u>\$ 1,696</u>	<u>\$ 5,824</u>

Net balance at December 31, 2023	<u>\$ 13,469</u>	<u>\$ 2,149</u>	<u>\$ 1,393</u>	<u>\$ 585</u>	<u>\$ -</u>	<u>\$ 17,596</u>
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2022

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 13,469	\$ 4,723	\$ 2,001	\$ 1,696	\$ 21,889
Additions	<u>-</u>	<u>-</u>	<u>183</u>	<u>-</u>	<u>183</u>
Disposals	<u>-</u>	<u>-</u>	<u>(254)</u>	<u>-</u>	<u>(254)</u>
Balance at December 31, 2022	<u>\$ 13,469</u>	<u>\$ 4,723</u>	<u>\$ 1,930</u>	<u>\$ 1,696</u>	<u>\$ 21,818</u>

(Continued)

	Land	Buildings	Office equipment	Leasehold improvements	Total
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 2,420	\$ 1,366	\$ 1,613	\$ 5,399
Depreciation expense	-	77	175	43	295
Disposals	<u>-</u>	<u>-</u>	<u>(254)</u>	<u>-</u>	<u>(254)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 2,497</u>	<u>\$ 1,287</u>	<u>\$ 1,656</u>	<u>\$ 5,440</u>
Net balance at December 31, 2022	<u>\$ 13,469</u>	<u>\$ 2,226</u>	<u>\$ 643</u>	<u>\$ 40</u>	<u>\$ 16,378</u>

(Concluded)

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	60 Years
Office equipment	5~8 Years
Transport equipment	5 Years
Leasehold improvements	3 Years

Please refer to Note27 for details of inventories pledged as collateral.

11. Leasing arrangements

(1) Right-of-use asset

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount		
Building	<u>\$ 356</u>	<u>\$ 685</u>
Depreciation expense		
Building	<u>\$ 329</u>	<u>\$ 328</u>

Except for the aforementioned recognized depreciation, the Company did not have any significant additions, sublease or impairment of right-of-use assets during 2023 and 2022.

(2) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount		
Current	<u>\$ 3,827</u>	<u>\$ 4,907</u>
Non-current	<u>\$ 186,374</u>	<u>\$ 232,617</u>

The lease liabilities related to superficies were NT\$189,833 thousand and NT\$236,822 thousand at December 31, 2023 and 2022.

Discount rate ranges for lease liabilities were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Building	1.579	1.579
Land	2.0292	2.0292

(3) Material leasing activities and terms

The Company leases buildings for office use with maturity in January 2025. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. Please refer to Note 8 for the lease right of superficies.

(4) Other lease information

	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases or low-value asset leases	\$ 757	\$ 441
Total cash outflow for leases	\$ 7,310	\$ 6,213

12. Investment property

2023

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2023 and December 31, 2023	<u>\$ 4,782</u>	<u>\$ 6,969</u>	<u>\$ 11,751</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	-	358	358
Depreciation	-	<u>114</u>	<u>114</u>
Balance at December 31, 2023	-	<u>472</u>	<u>472</u>
Net balance at December 31, 2023	<u>\$ 4,782</u>	<u>\$ 6,497</u>	<u>\$ 11,279</u>

2022

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 4,604	\$ 6,709	\$ 11,313
Inventories cover into	<u>178</u>	<u>260</u>	<u>438</u>
Balance at December 31, 2022	<u>4,782</u>	<u>6,969</u>	<u>11,751</u>

(Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	-	238	238
Depreciation	<u>-</u>	<u>120</u>	<u>120</u>
Balance at December 31, 2021	<u>-</u>	<u>358</u>	<u>358</u>
Net balance at December 31, 2021	<u>\$ 4,782</u>	<u>\$ 6,611</u>	<u>\$ 11,393</u>

(Concluded)

Rental contracts are typically made for periods of 5 years. The rights of lease term extension contain clauses for market rental reviews. The lessee does not have a bargain purchase option to acquire the investment property at the expiry of the lease period.

The total lease payments to be received in the future for the sublease of the operating leases are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Year 1	\$ 936	\$ 936
Year 2	936	936
Year 3	780	936
Year 4	-	780
Year 5	<u>-</u>	<u>-</u>
	<u>\$ 2,652</u>	<u>\$ 3,588</u>

Investment properties are depreciated using the straight-line method over 60 years.

The fair values of the investment properties as of December 31, 2023 and 2022 were NT\$55,029 thousand and NT\$ 54,965 thousand which were measured using level 3 inputs. The fair value has not been evaluated by an independent evaluator. It is only evaluated by the management of the Company using the evaluation model commonly used by market participants with similar real estate transaction prices.

All investment property of the Company is its own equity. For information on investment property mortgage, please refer to Note 27.

13. Borrowings

(1) Current borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured borrowings</u>		
Bank borrowings	\$ -	\$ 50,000

(Continued)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured borrowings</u>		
Unsecured business loans	<u>\$ 1,370,000</u>	<u>\$ 1,790,000</u>
	<u>\$ 1,370,000</u>	<u>\$ 1,840,000</u>

(Concluded)

The borrowing interest rate offered by local bank were 1.800% ~ 1.85 % and 1.6% ~ 2.095% for the years ended December 31, 2023 and 2022.

(2) Short-term notes and bills payable

Unmatured short-term notes and bills payable as below :

<u>December 31, 2022</u>					
<u>Promissory Institution</u>	<u>Nominal Amount</u>	<u>Discount</u>	<u>Carrying Amount</u>	<u>Rate (%)</u>	
CP payable					
Agricultural Bank/CBF	\$1,000,000	\$ 265	\$ 999,735	1.24	

(3) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured borrowings</u>		
Bank borrowings -maturities before February 2030	\$ 4,264,000	\$ 5,799,100
Less: Current portion	<u>2,211,000</u>	<u>4,643,600</u>
	<u>\$ 2,053,000</u>	<u>\$ 1,155,500</u>
Interest rate	2.43~2.7	2.18~2.575

14. Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured Corporate Bonds		
Issued in 07/2023; A maturity of 5 years with issuer call option; Annually compound and pay 1 time at fixed interest rate 2.975%	\$ 600,000	\$ -

(Continued)

	December 31, 2023	December 31, 2022
Secured Corporate Bond		
Issued in 07/2021; Principal repaid in a lump sum at maturity (5-year); Annually compound and pay 1 time at fixed interest rate 0.59%	\$ 400,000	\$ 400,000
Issued in 09/2021; Principal repaid in a lump sum at maturity (5-year); Annually compound and pay 1 time at fixed interest rate 0.55%	600,000	600,000
Issued in 06/2022; Principal repaid in a lump sum at maturity (5-year); Annually compound and pay 1 time at fixed interest rate 1.85%	190,000	190,000
Issued in 06/2022; Principal repaid in a lump sum at maturity (5-year); Annually compound and pay 1 time at fixed interest rate 1.8%	<u>400,000</u>	<u>400,000</u>
	2,190,000	1,590,000
Less: Discount	<u>2,649</u>	<u>2,282</u>
	<u>\$ 2,187,351</u>	<u>\$ 1,587,718</u>
		(Concluded)

The above mentioned secured corporate bonds are guaranteed by SCSB, Yuanta Bank, and Maga Bank.

15. Notes payable & Accounts payable

	December 31, 2023	December 31, 2022
Notes payable—Operating	<u>\$ -</u>	<u>\$ 13,065</u>
Accounts payable—Operating	<u>\$ 625,914</u>	<u>\$ 752,577</u>

The average payment period for building materials is 30 to 75 days. The Company has financial risk management policy in place to ensure all payables are paid within the pre-agreed credit terms; therefore, no interest was charged on the outstanding accounts payable.

16. Other payables

	December 31, 2023	December 31, 2022
Advertising commission payable	\$ 91,961	\$ 17,744
Payroll expense	24,228	17,051
Interest payable	21,898	13,993
After-sales maintenance expense	5,079	3,025
Others	<u>9,930</u>	<u>4,022</u>
	<u>\$ 153,096</u>	<u>\$ 55,835</u>

17. Pensions

(1) Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(2) Defined benefit plan

The defined benefit plans adopted by the Company under the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries for the 6 months before retirement. The Company contributes amounts in a certain percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 38,706	\$ 37,463
Fair value of plan assets	<u>(36,953)</u>	<u>(19,178)</u>
Net defined benefit assets	<u>\$ 1,753</u>	<u>\$ 18,285</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<u>Present Value of the Defined Benefit Obligation</u>	<u>Fair Value of the Plan Assets</u>	<u>Net Defined Benefit Liabilities</u>
Balance at January 1, 2022	<u>\$ 38,292</u>	<u>(\$20,017)</u>	<u>\$ 18,275</u>
Service cost			
Current service cost	107	-	107
Interest expense (income)	<u>268</u>	<u>(140)</u>	<u>128</u>
Recognized in profit or loss	<u>375</u>	<u>(140)</u>	<u>235</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	\$ -	(\$ 1,973)	(\$ 1,973)
Actuarial gain – Changes in financial assumptions	(1,023)	-	(1,023)
Actuarial loss – Experience adjustments	<u>2,825</u>	<u>-</u>	<u>2,825</u>
Recognized in other comprehensive income	<u>1,802</u>	<u>(1,973)</u>	<u>(171)</u>
Contributions from the employer	<u>-</u>	<u>(54)</u>	<u>(54)</u>
Benefits paid	<u>(3,006)</u>	<u>3,006</u>	<u>-</u>
Balance at December 31, 2022	<u>37,463</u>	<u>(19,178)</u>	<u>18,285</u>
Service cost			
Current service cost	115	-	115
Interest expense (income)	<u>450</u>	<u>(230)</u>	<u>220</u>
Recognized in profit or loss	<u>565</u>	<u>(230)</u>	<u>335</u>
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	(308)	(308)
Actuarial gain – Changes in financial assumptions	171	-	171
Actuarial loss – Experience adjustments	<u>927</u>	<u>-</u>	<u>927</u>
Recognized in other comprehensive income	<u>1,098</u>	<u>(308)</u>	<u>790</u>
Contributions from the employer	<u>-</u>	<u>(17,657)</u>	<u>(17,657)</u>
Benefits paid	<u>(420)</u>	<u>420</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 38,706</u>	<u>(\$ 36,953)</u>	<u>\$ 1,753</u>

(Concluded)

The defined benefit plans recognized in profit or loss by major categories as follows:

	<u>2023</u>	<u>2022</u>
Operating expenses	<u>\$ 335</u>	<u>\$ 235</u>

Through the defined benefit plan under the Labor Standards Act, the Company is exposed to the following risks:

A. Investment risk

The plan assets are invested in domestic (and foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

B. Interest rate risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

C. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate (%)	1.1	1.2
Expected rate of salary increase (%)	2.0	2.0
Employee turnover (%)	0~25	0~25

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.1% increase	(<u>\$ 171</u>)	(<u>\$ 199</u>)
0.1% decrease	<u>\$ 173</u>	<u>\$ 201</u>
Expected rate of salary increase		
0.1% increase	<u>\$ 133</u>	<u>\$ 162</u>
0.1% decrease	(<u>\$ 132</u>)	(<u>\$ 161</u>)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contributions to the plans for the next year	<u>\$ 58</u>	<u>\$ 56</u>
Average duration of the defined benefit obligation	4.4 years	5.3 years

18. Maturity analysis of assets and liabilities

The current/non-current classification of the Company's assets and liabilities relating to the construction business was based on its operating cycle. The amounts expected to be recovered or settled within 1 year after the reporting period and more than 1 year after the reporting period for related assets and liabilities were as follows:

<u>December 31, 2023</u>	<u>Within 1 Year</u>	<u>Beyond 1 Year</u>	<u>Total</u>
Assets			
Accounts receivable	\$ 24,800	\$ -	\$ 24,800
Inventories	6,519,026	9,636,913	16,155,939
Guarantee deposits paid	<u>7,491</u>	<u>-</u>	<u>7,491</u>
	<u>\$ 6,551,317</u>	<u>\$ 9,636,913</u>	<u>\$16,188,230</u>
Percentage (%)	<u>40</u>	<u>60</u>	<u>100</u>
Liabilities			
Current borrowings			
Contract liabilities	\$ 1,370,000	\$ -	\$ 1,370,000
Accounts payable	424,229	-	424,229
Current lease liabilities (Superficies)	392,580	233,334	625,914
Long-term borrowings, current portion	1,357	2,102	3,459
	<u>1,167,000</u>	<u>1,044,000</u>	<u>2,211,000</u>
	<u>\$ 3,355,166</u>	<u>\$ 1,279,436</u>	<u>\$ 4,634,602</u>
Percentage (%)	<u>72</u>	<u>28</u>	<u>100</u>

(Continued)

December 31, 2022	Within 1 Year	Beyond 1 Year	Total
Assets			
Accounts receivable	\$ 66	\$ 50	\$ 116
Inventories	3,891,879	12,933,078	16,824,957
Guarantee deposits paid	<u>5,728</u>	<u>-</u>	<u>5,728</u>
	<u>\$ 3,897,673</u>	<u>\$ 12,933,128</u>	<u>\$ 16,830,801</u>
Percentage (%)	<u>23</u>	<u>77</u>	<u>100</u>
Liabilities			
Current borrowings	\$ 1,840,000	\$ -	\$ 1,840,000
Short-term notes and bills payable	999,735	-	999,735
Contract liabilities	61,792	-	61,792
Notes payable	13,065	-	13,065
Accounts payable	519,908	232,669	752,577
Current lease liabilities (Superficies)	1,656	2,548	4,204
Long-term borrowings, current portion	<u>1,604,600</u>	<u>3,039,000</u>	<u>4,643,600</u>
	<u>\$ 5,040,756</u>	<u>\$ 3,274,217</u>	<u>\$ 8,314,973</u>
Percentage (%)	<u>61</u>	<u>39</u>	<u>100</u>

(Concluded)

19. Equity

(1) Ordinary share

	December 31, 2023	December 31, 2022
Authorized Shares (1,000 shares)	<u>250,000</u>	<u>250,000</u>
Share capital- Authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>

	December 31, 2023	December 31, 2022
Shares Outstanding (1,000 shares)	<u>217,428</u>	<u>217,428</u>
Share capital- Outstanding	<u>\$ 2,174,281</u>	<u>\$ 2,174,281</u>

(2) Capital surplus

Items	December 31, 2023	December 31, 2022
Share premium	\$ 192,056	\$ 192,056
Treasury stock	<u>39,694</u>	<u>39,694</u>
	<u>\$ 231,750</u>	<u>\$ 231,750</u>

The aforementioned capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital.

(3) Retained earnings and dividend policy

According to Article of "Articles of Association", if earnings are available for distribution at the end of a fiscal year, 10% of net earnings - that is, after offsetting any loss from the prior year(s) and paying all taxes and dues - shall be set aside as a legal reserve and appropriated under the Securities Exchange Law. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal. Stock dividends will be distributed by the resolution approved by the Board of Directors and at the annual shareholders' meeting. If dividends will be distributed in the form of cash, the Board of Directors is authorized to make a resolution adopted by a majority vote at a meeting of Board of Directors, and the distribution shall be reported to the shareholders.

The dividend policy stipulated in the Articles of Association is as follows:

A. The Company's current industry operating environment and growth phase

The core business of the Company is a real estate investment, which is capital-intensive and closely related to prosperity.

B. Dividend policy

Considering the business environment, long-term financial planning, budgeting, and rights and interests of shareholders' protection, to keep long-term development, the distribution of dividends depends on the demand for operation and the degree of dilution of earnings per share. Appropriate stock dividends or cash dividends are distributed, of which cash dividends shall not be less than 10% of the total amount of dividends.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved by the Company's board of directors in March 2023 and February 2022, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (\$)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 153,296	\$ 193,416		
Cash dividends	1,379,668	1,740,751	\$6.3454	\$ 8.00

The appropriations of earnings for 2023 were proposed by the Company's board of directors in February 26, 2024 as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (\$)</u>
	Legal reserve	\$ 272,780	
Cash dividends	2,455,025		\$11.2912

20. Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Sales revenue	\$ 8,226,148	\$ 4,131,869
Others	<u>928</u>	<u>927</u>
	<u>\$ 8,227,076</u>	<u>\$ 4,132,796</u>

(1) Contract balances

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>January 1,</u> <u>2022</u>
Accounts receivable	<u>\$ 24,800</u>	<u>\$ 116</u>	<u>\$ 79,049</u>
Current contract liabilities			
Building and land for sale	<u>\$ 424,229</u>	<u>\$ 61,792</u>	<u>\$ 226,417</u>

The changes in the balance of contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment, there were no other significant changes in 2023 and 2022.

Revenue recognized in the current reporting period for the year 2023 and 2022 from the contract liabilities at the beginning of the year were NT\$61,792 thousand and NT\$226,417 thousand.

(2) Disaggregation of revenue

Major components of operating revenue were incomes from building and land for sale, please refer to LIST 9.

21. Profit (loss) from continuing operations before tax

The following items were included in profit before income tax :

(1) Finance costs

	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 187,092	\$ 123,635
Amortization of discount on bonds payable	25,258	14,913
Interest on lease liabilities	4,632	3,390
Other	<u>2</u>	<u>1</u>
Interest expenses on financial liability at fair value not through profit or loss	216,984	141,939
Less: Amounts included in the cost of qualifying assets	<u>213,003</u>	<u>141,262</u>
	<u>\$ 3,981</u>	<u>\$ 677</u>

Information about capitalized interest was as follows :

	<u>2023</u>	<u>2022</u>
Capitalized interest amount	\$ 213,003	\$ 141,262
Capitalization rate (%)	2.02~2.24	1.36~2.03

(2) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 384	\$ 295
Right-of-use assets	329	328
Investment property	114	120
Other non-current assets	<u>325</u>	<u>87</u>
	<u>1,152</u>	<u>830</u>
Depreciation analysis by function		
Operating expenses	<u>827</u>	<u>743</u>
Amortization analysis by function		
Operating expenses	<u>325</u>	<u>87</u>

(3) Employee benefits expense

	<u>2023</u>	<u>2022</u>
Short-term employee benefits		
Salaries	\$ 66,077	\$ 57,310
Labor and health insurance	4,091	3,807
Others	<u>14,228</u>	<u>8,241</u>
	<u>84,396</u>	<u>69,358</u>
Post-employment benefits		
Defined contribution plans	2,256	1,940
Retirement benefit plans (Note17)	<u>335</u>	<u>235</u>
	<u>2,591</u>	<u>2,175</u>
	<u>\$ 86,987</u>	<u>\$ 71,533</u>
Analysis by function		
Operating expenses	<u>\$ 86,987</u>	<u>\$ 71,533</u>

(4) Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees at rates of no less than 1% and no higher than 1%, and remuneration of directors at rates of no higher than 3%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors in February 2024 and March 2023. In addition, no director's remuneration is expected to be paid and has not been estimated.

	<u>2023</u>	<u>2022</u>
Compensation of employees	<u>\$ 3,411</u>	<u>\$ 1,889</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the TWSE.

22. Income tax

(1) Income tax recognized in profit or loss

	<u>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 675,965	\$ 349,099
Land value increment tax	2,824	5,182
Adjustment for prior year	<u>-</u>	<u>1</u>
	<u>\$ 678,789</u>	<u>\$ 354,282</u>

Reconciliation between income tax expense and accounting profit :

	<u>2023</u>	<u>2022</u>
Profit before income tax	<u>\$ 3,407,380</u>	<u>\$ 1,887,074</u>
Income tax expense calculated at the statutory rate	\$ 681,476	\$ 377,415
Income tax on unappropriated earnings	(2,145)	(28,253)
Land value increment tax	2,824	5,182
Unrecognized temporary differences	(3,366)	(63)
Adjustments for prior years	<u>-</u>	<u>1</u>
	<u>\$ 678,789</u>	<u>\$ 354,282</u>

(2) Tax liabilities and tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax liabilities		
Income tax payable	<u>\$ 501,354</u>	<u>\$ 203,562</u>

(3) Income tax assessments

The Company's income tax returns through 2021 have been assessed by the tax authorities.

23. Earnings per share

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

	<u>2023</u>	<u>2022</u>
Net profit for the year	<u>\$ 2,728,591</u>	<u>\$ 1,532,792</u>

Number of ordinary shares

(in thousands of shares)

	<u>2023</u>	<u>2022</u>
Earnings used in the computation of basic earnings per share	217,428	217,428
Dilutive factors		
Compensation of employees	<u>42</u>	<u>39</u>
Earnings used in the computation of diluted earnings per share	<u>217,470</u>	<u>217,467</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net equity that is not subject to any externally imposed capital requirements.

25. Financial instruments

(1) Fair value of financial instruments that are not measured at fair value

The carrying amounts of the respective recognized financial assets or financial liabilities at fair value as stated in the balance sheet were close to fair value.

(2) Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
At amortized cost (Note 1)	\$ 505,945	\$ 300,903
<u>Financial Liabilities</u>		
At amortized cost (Note 2)	8,600,517	11,048,186

Note1 : The balances included financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables, other financial assets and refundable deposits.

Note2 : The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, other payables, bonds payable, long-term borrowings (including current portion), and deposits received.

(3) Financial risk management objectives and policies

The major financial instruments of the Company include accounts receivable, notes and bills payable, accounts payable, bonds payable, and borrowings.

A. Market risk

The carrying amounts of the Company financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial liabilities	\$ 2,377,552	\$ 1,825,242
Cash flow interest rate risk		
Financial assets	444,230	277,930
Financial liabilities	5,634,000	7,639,100

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1% or with all other variables held constant, other comprehensive income for the years ended December 31, 2023 and 2022 would have decreased/increased by NT\$56,340 thousand and NT\$76,391 thousand, respectively. The main factor is that changes in interest expense result from floating-rate borrowings.

B. Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. At the end of the reporting period, the major exposure to the credit risk of the Company was the failure of the counterparty to discharge its obligation, which posted to the carrying amount of the respective recognized financial assets as stated in the balance sheet. The amount of the Company's receivables is not significant, so no significant credit risk is expected.

C. Liquidity risk

The Company monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. In addition, maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

(A) Liquidity risk tables

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

The Company's bank borrowings subject to repayments on demand are included in the earliest time intervals regardless of the probability of the banks choosing to exercise their rights immediately.

The cash flow with floating interest rates is subject to changes due to differences between the floating interest rates and the interest rates estimated as of the balance sheet date.

December 31, 2023	<u>Less Than 1 Year</u>	<u>Over 1 Years</u>	<u>Total</u>
Non-derivative financial liabilities			
Non-interest-bearing liabilities	\$ 503,781	\$ 275,385	\$ 779,166
Lease liabilities	5,542	341,189	346,731
Floating interest rate liabilities	2,655,487	3,273,304	5,928,791
Fixed interest rate liabilities	<u>34,225</u>	<u>2,304,865</u>	<u>2,339,090</u>
	<u>\$ 3,199,035</u>	<u>\$ 6,194,743</u>	<u>\$ 9,393,778</u>

The contractual maturity analysis of Lease liabilities :

	<u>Less Than 1 Year</u>	<u>1~5 Year</u>	<u>5~10 Years</u>	<u>10~15 Years</u>	<u>15~20 Years</u>	<u>Over 20 Years</u>
Lease liabilities	<u>\$ 5,542</u>	<u>\$ 20,825</u>	<u>\$ 25,996</u>	<u>\$ 25,996</u>	<u>\$ 25,996</u>	<u>\$ 242,376</u>

December 31, 2022	<u>Less Than 1 Year</u>	<u>Over 1 Years</u>	<u>Total</u>
Non-derivative financial liabilities			
Non-interest-bearing liabilities	\$ 573,856	\$ 247,777	\$ 821,633
Lease liabilities	6,789	429,042	435,831
Floating interest rate liabilities	3,595,189	4,314,839	7,910,028
Fixed interest rate liabilities	<u>1,016,375</u>	<u>1,649,840</u>	<u>2,666,215</u>
	<u>\$ 5,192,209</u>	<u>\$ 6,641,498</u>	<u>\$ 11,833,707</u>

The contractual maturity analysis of Lease liabilities :

	<u>Less Than 1 Year</u>	<u>1~5 Year</u>	<u>5~10 Years</u>	<u>10~15 Years</u>	<u>15~20 Years</u>	<u>Over 20 Years</u>
Lease liabilities	<u>\$ 6,789</u>	<u>\$ 26,157</u>	<u>\$ 32,232</u>	<u>\$ 32,232</u>	<u>\$ 32,232</u>	<u>\$ 306,189</u>

(B) Line of Credit

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loan		
Drawdowns	\$ 1,370,000	\$ 1,790,000
Remaining	<u>60,000</u>	<u>10,000</u>
	<u>\$ 1,430,000</u>	<u>\$ 1,800,000</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured bank loan		
Drawdowns	\$ 4,264,000	\$ 6,849,100
Remaining	<u>4,156,000</u>	<u>3,024,500</u>
	<u>\$ 8,420,000</u>	<u>\$ 9,873,600</u>

26. Related Party Transactions

(1) Related party category

<u>Related party</u>	<u>Category</u>
Yongshuo Investment Co., Ltd.	Substantive related party
Jung-Ming Chen	Chairman of the Company
Yu-Fang Lu	Vice President of the Company

(2) Operating revenue

<u>Item</u>	<u>Relationship</u>	<u>2023</u>
Sales revenue	Vice President of the Company	<u>\$ 10,947</u>

The amount of the related party transaction is subject to market prices and the service years of the related party, and the payment terms are the same as non-related parties.

(3) Guarantee

On December 31, 2022, part of the Company's short-term bills was guaranteed through personal joint guarantee by the chairman of the Company. The drawdown amounts were NT\$1,000,000 thousand.

(4) Others

Please refer to Note 28.

(5) Remuneration of key management personnel :

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 16,937	\$ 15,904
Post-employment benefits	<u>670</u>	<u>588</u>
	<u>\$ 17,607</u>	<u>\$ 16,492</u>

27. Pledged Assets

The following assets were provided as collateral for borrowings and performance guarantee :

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(1) Pledged time deposit certificate (posted in other financial assets)	<u>\$ 41,060</u>	<u>\$ 23,052</u>
(2) Inventories		
Construction in progress	8,869,819	9,529,321
Buildings and land held for sale	<u>768,295</u>	<u>1,758,369</u>
	<u>9,638,114</u>	<u>11,287,690</u>
(3) Property, plant and equipment		
Land	13,469	13,469
Building	<u>2,149</u>	<u>2,226</u>
	<u>15,618</u>	<u>15,695</u>
(4) Investment property		
Land	4,782	4,782
Building	<u>6,497</u>	<u>6,611</u>
	<u>11,279</u>	<u>11,393</u>
	<u>\$ 9,706,071</u>	<u>\$ 11,337,830</u>

28. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2023, the significant contingent liabilities and unrecognized contract commitments of the Company were as below :

The total amount of the contracts signed by the Company for construction projects that has not yet been concluded was NT\$3,035,500 thousand, of which the unrecorded amount was NT\$1,796,375 thousand.

29. Significant Events after the Balance Sheet Date

The Company incurred NT\$687,500 thousand in acquiring land in Dachang Section, Renwu District of Kaohsiung from a non-related party in January 2024.

30. Significant Assets and Liabilities Denominated in Foreign Currencies

The Company has no significant foreign currency assets and liabilities.

31. Supplementary Disclosures

(1) Information on Significant Transactions & (2) Information on Investees

- A. Loans of funds to others : None.
- B. Endorsements/guarantees for others : None.
- C. Holding of marketable securities : None.
- D. Acquisition or sale of the same security with the accumulated costs or prices exceeding \$300 million or 20% of the Company's paid-in capital : None.
- E. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital : None.
- F. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital : None.
- G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital : None.
- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital : None.
- I. Trading in derivative instruments : None.
- J. Other matters : Significant inter-company transactions : N/A
- K. Information on investees : None.

(3) Information on Investments in Mainland China : None.

(4) Information of major shareholders : Please refer to Table 1.

31. Operating Segment Information

The Company is aggregated into a single operating segment. For the financial information please refer to each statement of this report.

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.
MAJOR SHAREHOLDERS INFORMATION

DECEMBER 31, 2023

TABLE 1

Name of major shareholders	Shares	
	Number of Shares Owned	Ownership (%)
Yongshuo Investment Co., Ltd.	88,692,563	40.79
Yongxin Investment Co., Ltd.	16,611,495	7.63
Gaoxin Construction Co., Ltd.	16,549,904	7.61
Jiazhan Investment Co., Ltd.	15,307,746	7.04
Yuankang Management Consulting Co., Ltd.	14,609,882	6.71

Note1: The substantial shareholders in this table are shareholders holding more than 5% of the ordinary shares that have completed delivery of non-physical registration on the last business day of the current quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note2: If entrusted, the holdings of the shareholder must be disclosed separately at the trustee's account. For information about a transfer by an over-10%-stake insider, along with personal holdings and shares being entrusted, please refer to the MOPS website.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

LIST 1

Project Name	Amount	
	Cost	Net Realizable Value (Note 1)
Buildings and land held for sale		
Her Fon	\$ 1,554,282	\$ 3,216,496
R5 New Generation (Note 2)	1,103,995	1,984,874
Fenghua Town (Note 2)	1,102,836	1,483,928
Yuan Xu	1,042,350	1,854,319
Qing Yuan	516,239	1,114,455
Yong Guang	471,262	938,407
Bo Cui	312,501	455,441
Sun Brooks	300,803	625,199
Chien Lop	261,604	557,661
R5 New Century (Note 2)	52,525	95,955
Sun Green	30,221	59,207
Emerald River	5,737	16,651
	<u>6,754,355</u>	<u>12,402,593</u>
Land held for construction		
TDR or fragmental lands	44,195	44,195
Construction in progress (Note 2)	9,264,371	10,410,328
Prepayment for land purchases	<u>93,018</u>	<u>93,018</u>
	<u>\$ 16,155,939</u>	<u>\$ 22,950,134</u>

Note1: Market value is evaluated on the basis of net realizable value.

Note2: The right-of-use assets related to superficies of "Buildings and land held for sale" were NT\$193,868 thousand.

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.
STATEMENT OF CHANGES IN CONSTRUCTION IN PROGRESS

2023

(Expressed in thousands of New Taiwan dollars)

LIST 2

Project	Beginning Balance	Addition		Capitalized Interest	Decrease Transfer Out after Completion	Ending Balance
		Construction Costs	Land Payment			
Project Fengdong	\$ 549,914	\$ 257,966	-	\$ 13,363	-	\$ 821,243
Fengdong II	548,305	79,622	-	11,629	-	639,556
Longhua IX	777,394	254,840	-	17,032	-	1,049,266
Yuan Xu (Project Kaohsiung Univ.)	1,311,775	354,399	-	12,018	1,678,192	-
Kaohsiung Univ. II	398,255	117,548	-	8,678	-	524,481
Kaohsiung Univ. III	788,016	93,844	-	16,657	-	898,517
Sun Green	884,837	35,683	-	1,174	921,694	-
Yong Guang (Project Yo Guang)	589,426	174,563	-	9,036	773,025	-
Qing Yuan (Ho Ping II)	502,728	154,518	-	7,681	664,927	-
R5 New Generation (Fu Cheng VII)	794,203	322,146	-	11,249	1,127,598	-
Hui Shang Pin (Baosheng II)	841,765	238,349	-	19,091	-	1,099,205
Project Dachang	589,406	125,012	-	13,113	-	727,531
Dachang II	1,095,926	328,784	-	24,812	-	1,449,522
Project Normal Univ.	1,243,104	49,675	-	25,532	-	1,318,311
Bo Cui (Shan Ming V)	375,254	338,072	-	2,614	715,940	-
Fenghua Town (Chien Chun II)	1,064,510	307,069	-	7,328	1,378,907	-
Zhongdu V	496,030	228,713	-	11,996	-	736,739
	<u>\$12,850,848(</u> Note)	<u>\$3,460,803</u>	<u>-</u>	<u>\$ 213,003</u>	<u>\$7,260,283</u>	<u>\$ 9,264,371</u>

Note: The right-of-use assets included in the beginning balance for the year were NT\$223,963 thousand.

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.
STATEMENT OF OTHER FINANCIAL ASSETS

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

LIST 3

Type	Rate (%)	Period	Amount	Remark
Time Deposit Pledge				
First Bank	1.565	2023.05.11~2024.05.11	\$ 11,654	Note
Mega Bank	1.565	2023.09.08~2024.09.12	6,354	Note
Yuanta Bank	1.53	2023.05.18~2024.12.28	<u>23,052</u>	Note
			<u>\$41,060</u>	

Note: Given to National Property Administration as a performance guarantee.

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

LIST 4

<u>Type</u>	<u>Contract Period</u>	<u>Rate (%)</u>	<u>Ending Balance</u>	<u>Credit Amount</u>	<u>Collateral</u>
Unsecured borrowings	2023.07.24~2024.07.24	1.815~1.82	\$ 900,000	\$ 900,000	N
Unsecured borrowings	2023.07.24~2024.07.24	1.8~1.85	470,000	470,000	N
			<u>\$1,370,000</u>		

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

LIST 5

Vendor Name	Description	Amount
Dr. Design Kitchen Co., Ltd.	Payments for construction contracts or material	\$ 107,777
Wa Ta Her Co., Ltd.	Payments for construction contracts or material	58,292
Blue Ocean Engineering Co., Ltd.	Payments for construction contracts or material	49,760
Goldsun Building Materials Co., Ltd.	Payments for construction contracts or material	45,833
Others (Note)		<u>364,252</u>
		<u>\$ 625,914</u>

Note : The balance of each vendor in "Others" is less than 5% of the account balance.

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

LIST 6

Item	Description	Contract Period	Discount (%)	Ending Balance
Building		2021.08.01~	1.579	
	Leasing office space	2025.01.31		\$ 368
Superficies		2017.09.29~		
- R5 New Century	Land lease	2087.09.28	2.0292	4,715
Superficies		2019.12.28~		
- R5 New Generation	Land lease	2089.12.27	2.0292	74,790
Superficies		2021.02.08~		
- Fenghua Town	Land lease	2091.02.07	2.0292	<u>110,328</u>
				190,201
Current portion				(3,827)
Non-current portion				<u>\$ 186,374</u>

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

STATEMENT OF BONDS PAYABLE

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

LIST 7

Bonds	Trustee	Issuance Date	Interest Payment Date	Coupon Rate (%)	Total Amount	Repayment Paid	Ending Balance	Premiums (Discounts)	Carrying Value	Repayment Terms	Collateral
Secured Corporate Bond	Taipei Fubon Bank	2021.07.20	According to the contract	0.59	\$ 400,000	-	\$ 400,000	(298)	\$ 399,702	Repayment in a lump sum upon a 5-year maturity.	Y
Secured Corporate Bond	Taipei Fubon Bank	2021.09.27	According to the contract	0.55	600,000	-	600,000	(536)	599,464	Repayment in a lump sum upon a 5-year maturity.	Y
Secured Corporate Bond	Bank SinoPac	2022.06.08	According to the contract	1.80	400,000	-	400,000	(603)	399,397	Repayment in a lump sum upon a 5-year maturity.	Y
Secured Corporate Bond	Bank SinoPac	2022.06.08	According to the contract	1.85	190,000	-	190,000	(295)	189,705	Repayment in a lump sum upon a 5-year maturity.	Y
Unsecured Corporate Bond	Bank SinoPac	2023.07.21	According to the contract	2.975	600,000	-	600,000	(917)	599,083	Repayment in a lump sum upon a 5-year maturity with issuer call option;	N
					<u>\$ 2,190,000</u>	<u>\$ -</u>	<u>\$ 2,190,000</u>	<u>(\$ 2,649)</u>	<u>2,187,351</u>		
Bonds payable, current portion									<u>\$ 2,187,351</u>		

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

LIST 8

	Type / Creditor	Contract Period	Range of Interest Rates (%)	Amount			Credit Amount	Collateral or Pledge
				Due within One Business Cycle	Due after One Business Cycle	Total		
Secured borrowings								
First Bank		2021.03.04~2027.02.28	2.43~2.65	\$ 1,044,000	\$ 250,000	\$ 1,294,000	\$ 1,750,000	Refer to Note 27
Mega Bank		2021.12.30~2030.02.10	2.55~2.625	170,000	843,000	1,013,000	1,850,000	Refer to Note 27
Bank of Taiwan		2022.01.10~2027.01.10	2.58~2.66	-	550,000	550,000	800,000	Refer to Note 27
Yuanta Bank		2020.05.25~2024.09.25	2.43~2.7	997,000	-	997,000	1,530,000	Refer to Note 27
CHIB		2022.11.10~2027.11.10	2.7	-	410,000	410,000	1,420,000	Refer to Note 27
				<u>\$2,211,000</u>	<u>\$2,053,000</u>	<u>\$4,264,000</u>		

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

STATEMENT OF OPERATING REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

LIST 9

<u>Project Name</u>	<u>Amount</u>
Sales revenue	
Sun Green	\$1,634,586
Yuan Xu	1,209,046
Sun Brooks	1,093,205
Chien Lop	1,016,791
Bo Cui	638,842
Her Fon	589,701
Yong Guang	570,584
Emerald River	430,154
Fenghua Town	334,258
Qing Yuan	298,630
R5 New Century	253,895
Yung Brooks	102,066
R5 New Generation	<u>54,390</u>
	8,226,148
Rental income	<u>928</u>
	<u>\$8,227,076</u>

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

LIST 10

Item	Amount
Cost of goods sold	
Direct raw material cost	\$ 1,496,663
Direct labor cost	1,261,875
Construction overhead	<u>972,482</u>
Construction cost	3,731,020
Construction in progress - Beginning	12,850,848
Construction in progress - Ending	(<u>9,264,371</u>)
Cost of Buildings and land held for sale	7,317,497
Buildings and land held for sale - Beginning	3,878,889
Buildings and land held for sale - Ending	(6,754,355)
Others	(<u>45,401</u>)
Cost of goods sold	4,396,630
Income from selling leftover	(<u>645</u>)
	<u>\$ 4,395,985</u>

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.

STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

LIST 11

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Total amount</u>
Advertising expense	\$210,224	\$ -	\$210,224
Payroll expense	7,979	50,837	58,816
Tax	-	48,253	48,253
After-sales maintenance expense (Note 1)	-	45,218	45,218
Others (Note2)	<u>-</u>	<u>58,686</u>	<u>58,686</u>
	<u>\$218,203</u>	<u>\$202,994</u>	<u>\$421,197</u>

Note 1: The payroll expense included in after-sales maintenance expense was NT\$7,261 thousand.

Note 2: The balance of each item in "Others" is less than 10% of the account balance.

YUNGSHIN CONSTRUCTION & DEVELOPMENT CO., LTD.
STATEMENT OF EMPLOYEE BENEFITS AND DEPRECIATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

LIST 12

	2023	2022
	Operating expenses	Operating expenses
Employee Benefits		
Payroll expense	\$ 66,077	\$ 57,310
Labor and health insurance	4,091	3,807
Post-employment benefits	2,591	2,175
Others	<u>14,228</u>	<u>8,241</u>
	<u>\$ 86,987</u>	<u>\$ 71,533</u>
 Depreciation	 \$ 827	 \$ 743
 Amortization	 325	 87

Note :

1. As of December 31, 2023 and 2022, the Company had 49 and 42 employees, respectively. Among them 6 directors did not serve concurrently as employees in 2023 and 2022.
2.
 - (1) Average employee benefits for the years ended December 31, 2023 and 2022 were NT\$2,023 thousand and NT\$1,987 thousand, respectively.
 - (2) Average salary for the years ended December 31, 2023 and 2022 was NT\$1,537 thousand and NT\$1,592 thousand, respectively.
 - (3) Change in average salary was -3%.
 - (4) The Company has established an audit committee to replace the supervisor.
 - (5) Salary and Remuneration policy:

①Directors :

The salary and remuneration of the directors of the company shall be implemented in accordance with Article 18 of the company's articles of association. If there is any profit in the year (the so-called profit refers to the pre-tax benefits deducting the distribution of employee remuneration and the benefits before the director's remuneration), the provision shall be no more than 3% Remuneration for the directors. The remuneration of directors can only be paid in cash, and the board of directors shall make a resolution and report to the shareholders meeting. The remuneration of directors is submitted by the remuneration committee to the board of directors for decision. In addition, the company has established an audit committee, so there is no issue of supervisor remuneration.

(Continued)

② Managerial Personnel :

The remuneration paid by the company to managers includes salary, bonus, and retirement pension and employee compensation. Salaries are issued on a monthly basis after being approved by the company's salary verification system, and year-end bonuses are issued according to the company's actual profitability and the performance of the managers after being recommended by the remuneration committee and approved by the board of directors. Retirement pensions shall be implemented in accordance with the company's retirement system. Employee remuneration shall be provided not less than one-thousandth and not more than one-percent of annual profit in accordance with the company's articles of association as employee remuneration. Manager's employee remuneration shall be recommended by the remuneration committee and sent to the board of directors for approval.

③ Employees :

Employee compensation includes salary, bonus, and retirement pension and employee compensation. Salaries are paid on a monthly basis after the monthly salary is approved by the company's salary verification system. In January or July of each year, the company decides whether to adjust the salary of all employees and the method of salary adjustment with reference to the price index situation, or the director of each department evaluates the performance of the employees individually signs for promotion, etc. Or rank. Year-end bonuses are issued based on the company's actual profitability and employee performance assessments, and are approved by the chairman of the board after the recommendations of the heads of various departments. Retirement pensions are implemented in accordance with the company's retirement system. Employees' remuneration shall be provided for employees' remuneration in accordance with the company's articles of association if there is any profit in the year. The total amount of remuneration shall be approved by the board of directors. Employee remuneration is calculated by the Personnel Section, and issued at a fixed ratio of the total number of remunerations divided by the total monthly salary, and each employee is paid the same proportion of months of employee remuneration.

(Concluded)

YUNGSIN CONSTRUCTION & DEVELOPMENT CO., LTD.

Chairman: Chen Jing Ming