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I、Letter to the Shareholders

Hello, ladies and gentlemen:

On behalf of all my colleagues in Highwealth Construction Corporation, I would like to thank all shareholders again for your support and care over the past year!

Looking back at the major domestic and international situations of 2018: on the international front, the Sino-US trade war shook the world, the US dollar interest rate rose strongly, China's economy declined sharply, the National People's Congress amended the Constitution to open a new era of Xi Jinping, China introduced 31 measures to benefit Taiwan, emerging markets fell into a bear market, Britain reached an agreement with Br-exit, and bit-coin price collapsed from the clouds; in Taiwan, this includes the introduction of amendment law of the Labor Law, the introduction of annuity reform, pass of three reads of amendments to the Money Laundering Control Act, the Central Bank's strategy to maintain low interest rates, the return of REITs to the market and industrial plants, a six-year high record in land transactions, and the introduction of amendments to the *Company Act*. We have been constantly concerning about changes in the business environment that are closely related to the national economy and people's livelihood and wealth.

In 2019, the Global Anti-Tax Avoidance CRS has been introduced, and the Legislative Yuan has put forward the *Special Regulations on Promoting the Return of Overseas Funds for Investment*. The willingness of Taiwanese businessman capital backflow has greatly increased, and real estate will become the target of property purchase. According to the information released by the Accounts and Statistics Office, the excess savings in Taiwan have exceeded two trillion NT dollars for five consecutive years, and the market is full of floating capital. In the part of the minimum wage, the increase to 23,100 NT dollars per month and the increase to 150 NT dollars per hour are conducive to the fulfillment of young people's dream of starting a family; future housing policy will take social housing and urban renewal as the main axis, and the actual price login of 2.0 will continue to collect views from all walks of life to amend the law; under the theme of economic struggle, the real estate unification tax is expected to be lowered. If the banks continue to maintain low interest rates, the market can be expected in the future.

In 2018, Highwealth and the subsidiaries, in such a situation, the consolidated revenue had created income 44.2 billion NT dollars, which set a high record again! Both earnings and revenue had been maintained in a leading position in the industry, which showed that Highwealth Construction had always adhered to the stable, self-disciplined and professional philosophy, and could flexibly adjust its business strategy to meet the market demand and maintain a stable number of promoted cases in spite of the fast-changing environment with many uncertainties. Through multiple marketing channels and flexible housing purchase schemes, Highwealth had gained recognition in the market, of which the overall performance was stable and eye-catching.

This year we will continue to actively promote the cases in the north, central and south; if successful, it will include the North District Xin-zhuang “Jieshi Fort” and Taoyuan Guishan “Huayue City” cases. It will include the eye-catching cases of Taichung City’sWuri High-speed Railway "Menghuancheng", Nantun District FenggongSection, Xitun District Huian Section Commercial Office Building, Tainan City’s Anping District Yu-guang-san, Kaohsiung City's Sanmin District Meishu Dayue, Sanmin District Dagang Section, Zuoying District Fushan Commercial Office Building, Lingya District CBD Times Square Commercial Office Building, and the Qianjin District Boxiao Section “Left Bank of Love River”. This year, the number of promoted cases is expected to maintain steady growth, of course, we will also work harder to return the support and affirmation of shareholders.

Next, I would like to report to shareholders Highwealth's impressive recognized consolidated revenue of 44.2 billion NT dollars in 2018, and the construction cases of recognized revenue include: Taipei Jingqi, Shuanghu Hui, Shuangmei Pavilion, Taipei CBD Times Square, Yuanshan No. 1 Courtyard, Songjiang No.1 Courtyard, Taipei No.1 Courtyard, Linkou National No.1 Courtyard, Haiyang Duxin, Mangrove Manor, Highwealth Manor, A+ in front of Chungpu Station, No.1 Park in Chubei, Giants, and Water Park Case. Construction cases of Taichung recognized revenue include Taichung Wenhua Hui, Shuhe Courtyard, Herion Legend, the Herion Castle, and the Taichung National No.1 Courtyard. In the south, recognized revenue cases include Huaren Hui, MinshengXiangxie, Bo Yue, Da Yue, and King's No.1 Courtyard. Coupled with the revenue contributions from the Qiyu Construction Project - Group subsidiary, Taipei ChungshanKaiyan, Hanlin Town, and Taichung CBD Times Square from Boyuan Construction,and the construction cases from Runlong Construction: Ambassador Residence, JingxinWenhui, Xinyi City, Chubei Ambassador Dayue, Taichung NTC State Commercial and Trade Center, Runlong, Tainan Zhen'ai, these figures enabled us to create an after-tax profit of 6.01 NT dollars per share in the year of 2018!

Projected in 2019, in addition to the recognizable performance of the continuing sales of existing houses, including sales cases of consolidated subsidiaries, there are new cases planned to be promoted in response to market demand in northern, central, and southern Taiwan. And recognizable revenue cases in Taipei include Xinzhuang Jieshi Fort, Shuanghu Hui, Zhen'ai, Taipei CBD Times Square, Taichung Shuhe Courtyard, Kaohsiung Boyue, and a number of other cases in continuing public sales. At the same time, we will start the ten-year multiplier plan, which includes diversified new businesses, doubling of assets, blossoming of brands, and continuous land development in Taiwan. **In the next ten years, we expect to earn another 100 billion NT dollars!**

The multiplier plan will be divided into three parts to achieve the goal:

Firstly, in terms of market environment, we need to increase the market share of promoted cases

Highwealth's know-how and experience in engineering, market judgment and design planning for nearly 40 years can not be easily replaced, with which we can also gain the trust of customers. Highwealth is not only the king of land purchasing, but also the first brand in consumers' minds.

Secondly, in terms of branding management, we need to start the diversified development plan

Started from the construction industry, combined with shopping malls, hotels and restaurants, this year a new business and five new brands will be introduced in Kaohsiung Yuecheng Square. In addition, our hotel, cooperated with Hyatt and Marriott two international brands, will also be launched in Jinshan, Tainan, and Kaohsiung, which is hoped to bring more diversified and convenient living functions and high-quality environment to the residential quarter.

Thirdly, in terms of product planning, commercial office and initial purchase are still the main force in promoted cases

At present, in addition to the residential products we are good at, the commercial office is expected to move towards the goal of 30 buildings in five years. In the future, there will be commercial office planning in Taipei, Taichung, and Kaohsiung, including office composite mall, and even office combined with hotels. Initial purchase are still our specialty items. Not only should we enrich our public facilities, but also they should be paired with easy payment to encourage young people to buy houses bravely, so as to enhance the work motivation and drive social productivity.

Real estate is the locomotive industry for economic growth. As the leading brand in Taiwan, we continue to invest more to build Taiwan and provide local job opportunities. The number of employees in the Group has increased eight times from 165 when it went public in 2000 to 1,288 so far. At the same time, with the expansion of the Group's new business, more partners will join us in the future to work together for Taiwan's economic growth!

Looking forward to the future, Highwealth Group will adhere to the “integrity principle” and “sustainable management” concept, continue to pay attention to the real estate market demand and economic environment changes, adhere to product refinement and high-quality service, and adhere to safety, active development, sound finance and other aspects, to create the greatest benefits and value for customers, shareholders, employees and Taiwan society.

Finally, I would like to thank all gentlemen and ladies who are here today for your continued support and care.

Thank you!

1. Operating Performance of 2018

(1) Operating Results

The company's consolidated revenue amounted to NT$44,204,971,000 in 2018, an increase of NT$25,534,923,000 from NT$18,670,048,000 registered in the previous year.

In terms of consolidated pre-tax net profit, it stood at NT$9,450,872,000 in 2018, up NT$6,717,859,000 from NT$2,733,013,000 registered a year earlier.

It mainly attributes to an upturn of the house market environment after experiencing consolidation period, an abundance of hot money in the market, and the increasing willingness of fund returns by Taiwanese businessmen. This, together with the growing demand in business offices and first purchase families in recent years, still plays the main force to push cases, enhancing the market to keep warm, and followed by faith in both house purchases and consumption. The trading volume of real estate market held warm and completed cases of this period also increased, paving the way to record a significant profit and operation net profit compared with the preceding period.

(2) Budget Implementation

According to public financial forecasting information processing guidelines for listed firms, the company is not required to compile financial predictions for 2018.

(3) Financial Revenue and Expenditure

Consolidated financial revenue and expenditure of the company and subsidiaries in the past two years, as follows:

Unit: New Taiwan Thousand Dollars

Item	2018	2017
Operating net profit	9,503,362	2,631,174
Non-operating income and expenses	(52,490)	101,839
Pre-tax profit	9,450,872	2,733,013
Current net profit	8,738,331	2,442,625
Consolidated profit and loss of current period	8,785,858	2,450,348

(4) Profit capability analyses

Profit capability analyses of the company and subsidiaries in two years, as follows:

Item	2018	2017
Return on Assets (%)	7.40	2.57
Return on Equity (%)	23.49	6.68
Pre-tax net profit as a percentage of paid-in capital(%)	81.01	23.42
Net profit Rate (%)	19.77	13.08
Earing per share (dollar)	6.01	1.69

(5) Research and Development

i. In architectural planning and design: practical function, sturdy, and splendid products are three main principles taken into consideration; the characteristics and the building case's surrounding environment are also considered in order to map out the most suitable products, thus meeting consumer requirements.

ii. In construction engineering and management: researching the most suitable technology and engineering management for different types of construction sites to strictly control construction quality, cost and schedule, and ensure site safety.

iii. In market research and development: really mastering the real estate market information and widely collecting information on land and house market of various districts. Regular researches and analyses are served as the base of product positioning and marketing strategy, and to create high sales rate as its targets.

2. Prospects for 2018

In 2018, Highwealth Group plans to purchase land in eight major cities, including Keelung, Taipei, New Taipei, Taoyuan, Hsinchu, Taichung, Tainan and Kaohsiung, and pushes cases continuously. It will diverse into new businesses such as restaurants, shopping malls, and hotels. Through the diversified operation mode, we expect our sales will reach another new high in the years to come.

Target prospects for future years are elaborated as following:

(1) Operating Strategy

i. On Expansion Aspects: product development aims to expand professionally, diversify business risks and truly master the quality of the project, effectively control the progress of the project, and plan to vertically integrate the upper, middle and lower operators such as hydropower, building materials, decoration and housing agencies. Through diversified business strategies to reduce operating costs, ensure profitability, and provide consumers with more comprehensive services.

ii. On Development Aspects: train professionals and set up project teams to strengthen strategic alliances among the internal industry and establish a national land information system to enable the company to securely obtain favorable information for land acquisition and development plans. And urban renewal plan cases will be developed aggressively.

iii. On Planning Aspects: extensively collect the characteristics of national real estate building design planning, pay attention to public places fireproof seals, green buildings, building materials seals, smart building seals and seismic building seals, and add energy saving, water saving, ecological and environmental protection concepts, etc. to encourage the improvement of building quality. Depending on the market demand and the region, we plan and design high-quality products that are refined and humanized, and provide perfect after-sales service to establish a good brand image and reputation of the company, and further enhance the trust of customers.

iv. On Management Aspects: in order to cope with the ever-increasing scale of operations, strengthen internal control, budget management and corporate governance operations, and work hard to make all kinds of operations computerized, the management process can be smoothed and the internal control system can be improved, the company can still grow in performance, and improve work and operational efficiency accordingly.

v. On Financial Aspects: strengthen financial operations capabilities, maintain appropriate ratios of self-owned funds, and at any time, in response to changes in market interest rates, raise long-term and short-term funds required for operations through capital markets and money markets to enhance competitiveness.

vi. On Resource Aspects: continuously strengthen the human resources training program, train professionals and attract the investment of outstanding talents to enhance the company's competitiveness in order to provide a higher level of service.

(2) Important Production and Sales Policy

i. Production Policy

(i) Based on the solid foundation of land development, and fully grasp the source information of the land, closely screen, and actively participate in the urban renewal land development and joint development of the MRT station, and actively expand the land resources of the reserve quality sites.

(ii) Give full play to design selection and construction management functions to achieve the objectives of product exquisiteness, cost control, shortened construction period, and safe residence, and ensure the return on investment.

ii. Sales Strategy

(i) For market demand analysis, do a good product positioning.

(ii) Establish corporate brand identity and "customer-oriented" service orientation

(iii) Adopt the most appropriate construction method for quality and cost controls.

(iv) Sales concept of zero-remaining houses

(v)Establish a diversified marketing channel

(vi)Strengthen relevant laws and regulations to reduce the possibility of house purchasing disputes.

(3)Future company development strategy

i.Intensive cultivation on original occupation: in order to effectively integrate the resources of all parties, strengthen the research and development of building materials, and implement the policy of promoting quality with good quality, streamlined and fast speed, and create the highest efficiency of individual cases.

ii.Sustained development: In the future, the company will look for development projects with special niche at home and abroad, and use its established management team and intelligence to continuously enhance the unique product value competitiveness.

iii. The development of the second core business: the use of existing commercial real estate, and the development of a fixed income business to support a stable dividend policy.

(4) Impact of external competitive environment, regulatory environment and overall business environment

i. External Competition: the market environment has ascended from the bottom after the housing market consolidation period, and three licenses in land, usage, and construction hit a large number transaction. In 2018, the land transaction volume reached NT$178 billion with the residential and commercial land categories accounting for 77% of the total amount. The bidding completed about NT$80 billion, and the number of usage licenses issued grew by nearly 7%. The number of houses exceeded 110,000 units, and the construction licenses declared to begin construction exceeded 100,000 households, returning to the highest level in the past four years, a reflection that developers are generally confident and attempting to push the housing market. At present, most businessmen of our same profession are mainly based on the small number of flats and low total price products that cater to the rigid demand of self-occupation purpose. This transaction volume was growing slowly compared with previous years, however. The business office will eventually become the focus of the future market. Only we strengthen the brand, innovate products, and simultaneously enhance the value, and a flexible and accurate marketing can we continue to lead the market and win the lion's share.

ii. Regulatory Circumstances: Extensively include regulations on construction, taxation and government policies, such as two taxes-in-one, housing taxes, land appreciation, financial and taxation policies, transportation and housing policies, land policies, urban renewal plans, green building promotion and to upgrade transparency of trading information, and third-party visa proposals, etc., and many other legal changes. The company will further focus on regulatory researches to ensure the interests of all shareholders.

iii. Overall Operating Environment: Beginning the third quarter of 2018, the global capital transfer has suffered considerably due to the US-China trade war and the hike of US dollar interest rate, and this has turned the outlook for an economic booming to be conservative. In addition, the earthquakes in Japan's Osaka and Hokkaido, and the Hualien Earthquake in Taiwan exposed the impact of construction safety, land development intensity, soil liquefaction, and so on. These issues have affected the overall environment of the housing market and requirements for building quality by the general public. Under the election catalysis, many major constructions in Taiwan, such as the opening of Kaohsiung underground railway, the completion of the second phase of the Taichung Railway Elevation and the trial operation of the MRT Green Line, the completion of the first phase of the New Taipei Loop Line, and the completion of the Danhai Light Rail Green Mountain Line. etc., the housing market has a significant driving effect, plus the new case price is reasonable and is in line with market expectations. In summary, the company is optimistic about the prospects of the future housing market. For home buyers, this year will be an excellent opportunity for both self-occupation and investment. In particular, the investment business is stable and is worthy to seize the chance.

Finally, on behalf of the company, I would like to express my heartfelt gratitude to all of our shareholders, and for your encouragement and support to the company. And I wish you all the best and the whole family is safe and happy!

Chairman: Zheng Zhilong 

II Company Profile

1. **Date of establishment: January 23, 1980**

2. **Company History**

The company was established on January 23, 1980, formerly known as Yufu Construction Co., Ltd., and commissioned the construction of commercial buildings and national residential rental sales as the main business, with a paid-up capital of NT$40 million. In May of 1989, the company merged with Hongju Construction Co., Ltd. and changed its name to Hongju Construction Co., Ltd., and merged with Highwealth Construction Co., Ltd. in the 89th shareholders' meeting in 2000, and Hongju is a surviving company. And on May 6, 2003, the Ministry of Economic Affairs formally approved the official name change to " Highwealth Construction Co., Ltd." Since its establishment, the company has been striving to promote the building case. The majority of the cases have concentrated in the best districts of Greater Taipei, Taichung and Kaohsiung Cities. They have maintained a high-quality service spirit, met the needs of social housing, and pursued reasonable profits in order to achieve stable growth. Major events of the company in recent years are as follows:

YEAR	**MAJOR EVENTS**
2006	(1) Driven by the theme of “cross-strait, three-links”, Taiwan’s real estate sales market continued a hot selling. Especially under the warming of the "Zhongke effect", the company is optimistic about the real estate market and office building rental market in Taichung, and is more active on Zhonggang Road of the city. And the seven-phase re-zoning area launched nearly NT$8 billion sales cases, and successively set a bright sales performance, and did not hesitate to increase the construction cost to introduce the "shock-proof system" technology to reduce the damage of the main structure of the earthquake and improve the safety of home buyers and residential quality. (2) On May 26, the Financial Supervisory Commission of the Executive Yuan (the Cabinet) approved the surplus and capital reserve to increase capital by NT$5,728.3 million. On June 13, the Committee approved the issuance of the second domestic guaranteed conversion corporate bond of NT$1 billion. After the conversion of capital increase and corporate bonds were converted into ordinary shares, the amount of paid-in capital was increased to NT$3,863.25million.

2007	On July 10, the Financial Supervisory Commission of the Executive Yuan approved the surplus and capital reserve to increase capital by NT$1,622.67 million. After the transfer of capital and corporate bonds were converted into ordinary shares, the paid-in capital increased to NT$5,530.4 million.
2008	(1) On July 9, the Financial Supervisory Commission of the Executive Yuan approved the surplus and capital reserve to increase capital by NT$346.29 million. After the transfer of capital and corporate bonds were converted into ordinary shares, the paid-in capital increased to NT$5,894.32 million. (2) In July and September, the second implementation of the treasury shares was expected to be transferred to employees, and a total of 21,462 thousand shares were bought back. (3) In line with the Taipei City Urban Renewal Policy, the company's Jintai section of Dazhi Land Readjustment District will participate in the "Taipei Good Look" program to apply for floor area rewards.
2009	(1) On April 16th, the Financial Supervisory Commission of the Executive Yuan approved the issuance of the fourth domestic guaranteed convertible corporate bond of NT$1,000 million. (2) On June 26, the Financial Supervisory Commission of the Executive Yuan approved the surplus and capital reserve to increase capital by NT$29,912 million. After the transfer of capital and corporate bonds were converted into ordinary shares, the paid-up capital increased to NT$6,697.23 million. (3) Driven by the bullish policies such as the continued appreciation of the New Taiwan dollar and the improvement of cross-strait interactive relations, especially after the financial tsunami, the confidence of the real estate sales market has risen from the bottom, and the upgrade effect of Taipei County, sales of the "Xinzhuang NO.1, NO.2" consecutive two-phase cases were nearly completed in a short period for an amount of nearly NT$3 billion. The company is optimistic about the real estate market in Xinzhuang's secondary city center, and is more active in buying land to win the title of "king of land acquisition" in 2009.
2010	(1) After the company bonds were converted into ordinary shares, the amount of paid-up capital approved by the Ministry of Economic Affairs increased to NT$7,068.71 million. (2) In 2010, the operating revenue reached NT$27.5 billion, achieving the profitability of earning a share capital. The after-tax earnings per share reached a record high of NT$10.43.
2011	After three years of the implementation to purchase back treasury shares in 2008, the board of directors resolved, in its meeting held on December 13, to cancel the treasury shares totaling 21,462,000 shares. And after the company bonds were converted into ordinary shares, the Ministry of Economic Affairs approved the change of registered paid-in capital of NT$7,280.17 million.

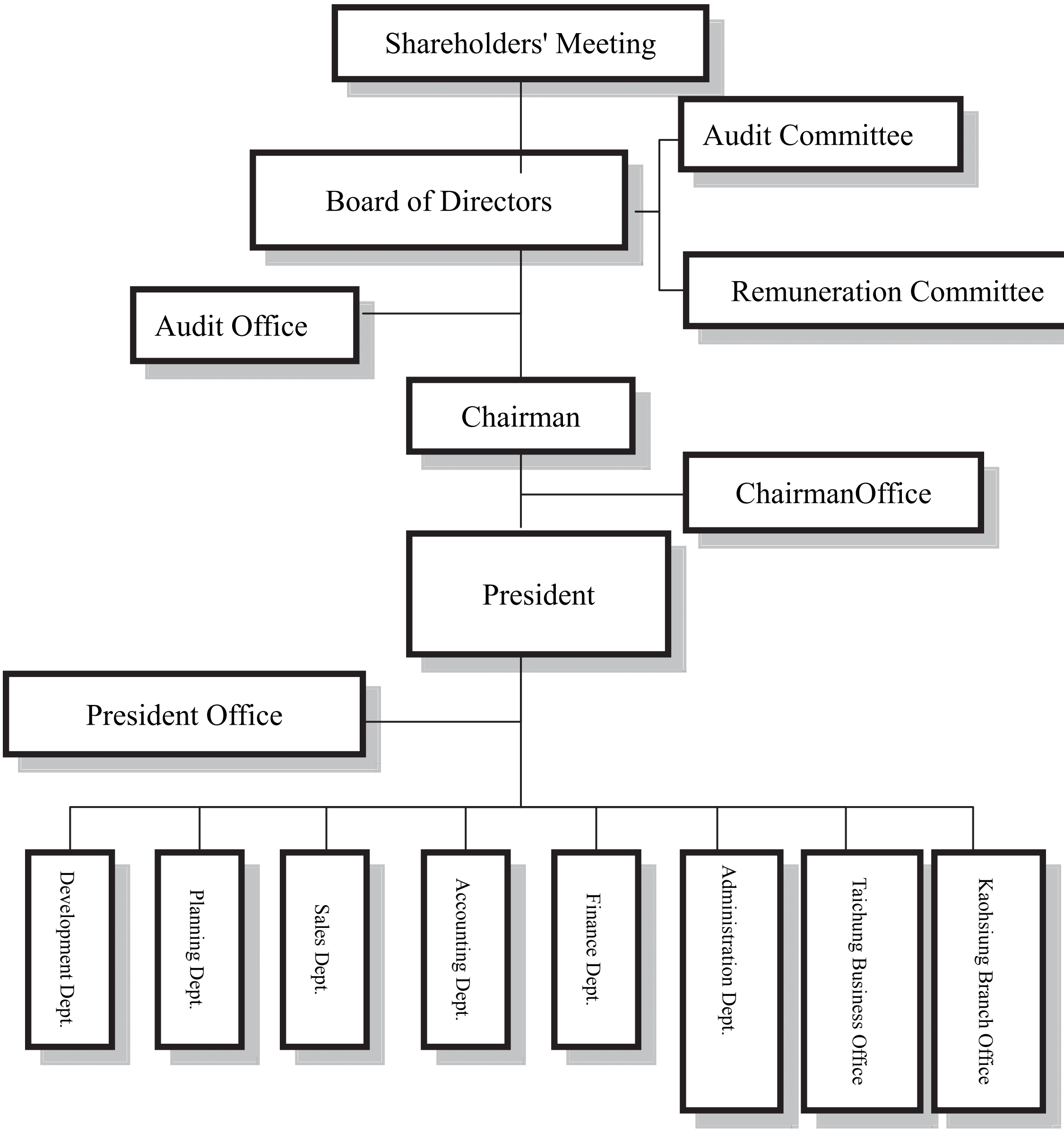
2012	In order to reduce idle funds and increase the return on shareholders' equity, the shareholders' regular meeting resolution on June 12 passed the cash reduction of NT$1,496.00 million. After the capital reduction, the paid-in capital of the company was NT$ 5,982.70 million.
2013	In 2013, the consolidated operating revenue reached NT$28.31 billion, and the post-tax earnings per share reached NT$10.85, rewriting a new high.
2014	(1) On August 5, the company was approved by the Financial Supervisory Commission to handle the transfer of surplus shares to new shares issued by NT$2,991.35 million. After the capital increase, the paid-in capital of the company was NT$8,974.05 million. (2) The consolidated operating income for 2014 reached NT$37.5 billion, and the after-tax earnings per share reached NT$11.44, rewriting a record high.
2015	(1) On September 3, the Financial Supervisory Commission issued the letter No. 1040036020 to approve the transfer of surplus shares to the newly issued shares of NT$2,692.11 million. After the capital increase, the paid-in capital of the company was NT$11,666.27 million. (2) The consolidated operating revenue for 2015 reached NT$34.6 billion. After the capital increase, the after-tax earnings per share reached NT$7.06, and the operating revenue was the second highest in history.
2016	The consolidated operating revenue in 2016 reached NT$35.1 billion, the second highest in history.
2017	On May 22, the Financial Supervisory Commission of the Executive Yuan approved the issuance of fifth domestic guaranteed conversion corporate bonds worth NT$10,020.00 million.
2018	In 2018, the consolidated operating revenue reached NT$44.2 billion, a historical high.

III Corporate Governance Report

1. Company Organization

(1) Organization System

i. Organizational Structure



ii. Work Description of Major Departments

Department Name	Work Description
President Office	1. Company-wide regulation and integration planning, and integrated planning. 2. The vertical and horizontal integration of the company's various departments. 3. Propaganda of corporate culture and decision-makers' management philosophy, and spiritual incentives for all colleagues. 4. The company's business visions, goals, and guidelines. 5. The integration of the company's operation and management system, the establishment of the company's rules and regulations and assistance in the formulation. 6. Analyses of the investment value and feasibility of the new business.
Audit Office	1. Specification, integration, implementation and review of internal control operations. 2. Auditing execution and report preparation, and tracking improvement after imperfect period. 3. Assisting the supervision of various departments to carry out internal control self-evaluation, internal control, internal knowledge and education. 4. Submitting audit reports and explanations to the Board of Directors and the Audit Committee on a periodical period.
Administration Department	1. According to work objectives and guidelines of the company, plan individual business of each department to reach the company's mission requirements. 2. Coordination of various computerization schedules and effects, recommendations and signing of various operation plans. 3. Planning, design, management and security maintenance of soft and hardware equipment. 4. Compile the contents of the agreements, litigation documents and correspondence. 5. Contract document review, collection of laws and regulations, research on legal issues, collection of data, and filing. 6. Responsible for manpower needs, personnel recruitment, salary, assessment, welfare and education and training. 7. Responsible for the management of general affairs and service supplies.
Sales Department	1. Agency sales appraisal, marketing research, reporting, sales target setting, promotion, price adjustment proposal and execution of comprehensive sales contract signing, period payment, bank loan insurance, appropriation, house transfer, property rights transfer, etc. 2. Preparation of pre-case operations and sales and advertising strategies.

	3. Crisis prevention and response to related business handling of customer complaints, and the management committee holds an inaugural meeting to assist clients in handling loans.
Planning Department	Comprehensive case building design, license application, project budget summary preparation, project check, management and acceptance of sampling and inspection of construction materials, collection of relevant new material data specifications, research and evaluation.
Development Department	1. Land development strategy recommendations and investment analysis and research, and environmental information collection. 2. Comprehensive management of land purchase, joint venture land case signing, payment, transfer, tax payment and other matters.
Accounting Department	Handle various accounting, and tax report operations.
Finance Department	Receiving and paying cashiers, fund scheduling operations, financial analysis, annual budgeting and share-related operations, and financing of contacts and visits.
Kaohsiung Branch Office	South Taiwan's development and sales of business processing and accounting, capital scheduling operations.
Taichung Business Office	Development, sales, and other business processing in central Taiwan.

2. Information of directors, supervisors, president, vice presidents, associates, department and branch directors

(1) Information of Directors and Supervisors

April 12, 2019 Unit: share:%

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Legal Person Chairman	Republic of China	Lishuo Investment Co., Ltd Note:1	N. A.	June 13, 2017	3 years	June 10, 2005	54,244,429	4.65%	29,244,429	2.51%	0	0%	0	0%	Highwealth Construction Corporation Chairman	No	No	No	No
Legal Person Chairman Representative Note 1	Republic of China	Zheng Zhilong	Male	June 13, 2017	N.A.	N.A.	0	0%	0	0%	2,203	0%	625,354	0.05%	Cishan Agricultural & Industrial Vocational Senior High School Highwealth Advertising	Chairman of the Qiyu Construction Co., Ltd	No	No	No
Legal Person Director Representative note 1	Republic of China	Fan Huajun	Male	June 13, 2017	N.A.	N.A.	14,202	0%	202	0%	780	0%	0	0%	Electrical Engineering Dept. Kun Shan University Sales Executive Highwealth Advertising	President of the company	No	No	No
Director	Republic of China	Zheng Qintian	Male	June 13, 2017	3 years	Feb 23, 2000	26,611,304	2.28%	26,611,304	2.28%	8,151,512	0.70%	0	0%	Civil Engineering Division, Cheng Shiu University Director, Highwealth Construction	Group CEO	Director	Zheng Xiuhui	Couple

Highwealth Construction

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	Republic of China	Zheng Xiuhui	Female	June 13, 2017	3 years	Feb. 23, 2000	8,151,512[註2]	0.70%	8,151,512	0.70%	26,611,304	2.28%	25,612,992	2.20%	Civil Engineering Division, National Kaohsiung University of Science and Technology Vice President, Highwealth Construction Corp	The company's special assistant & Chairman of Xing Ri-sheng Investment Co., Ltd.	Director	Zheng Qintian	Couple
Independent Director	Republic of China	Hong Xiyao	Male	June 13, 2017	3 years	June 13, 2017	0	0%	0	0%	0	0%	0	0%	Honorary Business PhD, Barrington University Chairman, Taiyn Biotech Co., Ltd	No	No	No	No
Independent Director	Republic of China	Li Wencheng	Male	June 13, 2017	3 years	June 13, 2017	0	0%	0	0%	0	0%	0	0%	Central Police University Division-Chief Judge, Taiwan High Court	Independent Director, Run Long Constructio n Co., Ltd.	No	No	No
Independent Director	Republic of China	Yan Yunqi	Male	June 13, 2017	3 years	June 13, 2017	0	0%	0	0%	0	0%	0	0%	Public Health Division, China University of Technology	Chairman Tungyue Advertising Co., Ltd. Independent Director Run Long Constructio n Co., Ltd	No	No	No

Note: 1. Lishuo Investment Co., Ltd representative
2. The number of shares includes "reservation of the number of trust shares."
3. The number of shares held above is based on the number of shares registered on the transfer date of shareholders on April 12, 2019; the total number of shares actually issued is 1,166,628,752 shares.

i.Director or supervisor is a substantial shareholder of the legal person shareholder

Name of Legal Person Shareholder	Major shareholders of legal person shareholder
Lishuo Investment Co., Ltd	Highwealth Construction Corporation(19%)、XieShuying(18%)、Zheng Shulan(14%)、Zheng Junmin(11%)、Zheng Qiaowen(12%)、Zheng Junfang(14.53%)、Li Xiujuan(8%)、Wan Shengfa Investment Co., Ltd (3.47%)

ii.The principal shareholder of legal person shareholder is legal person and its major shareholders

Legal Person Name	Legal Person's Major shareholders
Highwealth Construction Corporation	Xing Ri-sheng Investment Co., Ltd.(7.4%)、Era Winner Investment Co., Ltd (6.15%)、Wu Chaohong(5.37%)、Da-Li Investment Co., Ltd (4.55%)、Wan Shengfa Investment Co., Ltd (3.64%)、Qingshiban Investment Co., Ltd.(3.18%)、Lishuo Investment Co., Ltd(2.51%)、Zheng Qintian(2.28%)、Runying Investment Co., Ltd. (2.20%)、Chang Gung Medical Foundation(1.51%)
Wan Shengfa Investment Co., Ltd	Zheng Shulan(80%)、Cai Congbin(8.33%)、Zheng Yousheng(5.6%)、Era Winner Investment Co., Ltd(2.73%)、Xing Ri-sheng Investment Co., Ltd.(3.34%)

iii.The professional knowledge and independence of the director or supervisor, and in accordance with the following:

April 12, 2019

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an IndependentDirector
	An Instructor or Higher Positionin a Departmentof Commerce, Law, Finance, Accounting, orOther Academic Department Related to theBusiness Needs of the company in a Public orPrivate Junior College, College or University	A Judge, Public Prosecutor, Attorney, CertifiedPublic Accountant, or Other Professional orTechnical Specialist Who has Passed a NationalExamination and been Awarded a Certificate ina Profession Necessary for the Business of thecompany	Have Work Experience in the Areas of Commerce,Law, Finance, or Accounting, or OtherwiseNecessary for the Business of the company	1	2	3	4	5	6	7	8	9	10	
Director：Zheng Qintian	—	—	✓	—	—	—	—	✓	✓	✓	—	✓	✓	No
Director：Zheng Xiuhui	—	—	✓	—	—	—	—	—	✓	✓	—	✓	✓	No
Director：Lishuo Investment Co., Ltd Representative：Zheng Zhilong	—	—	✓	—	—	✓	✓	—	✓	✓	✓	✓	—	No
Director：Lishuo Investment Co., Ltd Representative：Fan Huajun	—	—	✓	—	—	✓	✓	—	✓	✓	✓	✓	—	No
Independent Director：Hong Xiyao	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No
Independent Director：Li Wencheng	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director：Yan Yunqi	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: Please tick the corresponding boxes that apply to thedirectors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not applicable in cases where the person is an independent director of the company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number ofoutstanding shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the company or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the company.
7. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution thatprovides commercial, legal, financial, accounting services or consultationto the company or to any affiliate of the company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx".
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.
9. Not been a person of any conditions defined in Article 30 of the Company Law.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(2) Information of president, vice president, associates, department and branch directors

April 12, 2019 Unit: Share; %

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Currently holding the position of other companies	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	Republic of China	Fan Huajun	Male	Jun. 2014	202	0	780	0	0	0	Electronical Engineering Division, Kun Shan University Sales of Highwealth Advertising	Director of Qiyu Construction Co., Ltd	No	No	No
Development Dept. Vice President	Republic of China	Liao Zhaoxiong	Male	Jun. 2006	157,276	0.01	78,000	0.01	0	0	Land Economics Dept., National Chung Hsing University Sales Assistant Manager, Hongju Construction	No	No	No	No
Kaohsiung Branch Vice President	Republic of China	Cao Yuanbo	Male	Mar. 2011	0	0	0	0	0	0	Specialized class Section 43, ROC Military Academy Vice President, Gia Shilin Construction Co., Ltd	No	No	No	No
Finance Dept. Vice President	Republic of China	Wang Suyue	Female	Mar. 2005	335,241	0.03	0	0	0	0	Accounting Dept., Tunghai University Audit Supervisor, Ho Wang Construction Co., Ltd	No	No	No	No
Planning Dept. Associate Manager	Republic of China	Song Guozong	Male	Oct. 2003	36,223	0	0	0	0	0	Civil Engineering Division, Nanya Institute of Technology Shi Bangxing Architects	No	No	No	No
Sales Dept. Associate Manager	Republic of China	Chen Qiuwei	Male	Dec. 2009	31,605	0	0	0	0	0	Mechanical Engineering Dept., Feng Chia University Yuan Fu Advertising Co., Ltd	No	No	No	No

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Currently holding the position of other companies	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Accounting Dept. Associate Manager	Republic of China	Li Xiutai	Female	Apr. 2018	0	0	0	0	0	0	Accounting Dept., Soochow University Senior Associate Manager, KPMG Taiwan	No	No	No	No
Kaohsiung Branch Finance Dept. Manager	Republic of China	Chen Qiulan	Female	Mar. 2005	30,437	0	0	0	0	0	Taitung Senior Commercial Vocational School Associate Manager, Financial Dept., Hon-yuang Construction Co., Ltd.	No	No	No	No

Note: The number of shares held above is based on the number of shares registered on the transfer date of shareholders on April 12, 2019; the total number of shares actually issued is 1,166,628,752 shares.

3. Remuneration of Directors, Supervisors, President, and Vice Presidents in latest year

(1)Remuneration of Directors

Dec. 31, 2018 Unit: NT$ Thousand

Title	Name	Remuneration								Ratio of Total Remuneration(A+B+C+D) to Net Income (%) (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation(A+B+C+D+E+F+G) to Net Income (%) (Note10)		Compensation Paid from an Invested Company Other than the company's Subsidiary (Note11)
		Base Compensation (A)(Note2)		Severance Pay (B)		Directors Compensation (C) (Note3)		Allowances (D) (Note4)				Salary,Bonuses, and Allowances (E) (Note5)(註5)		Severance Pay (F)		Employee Compensation (G) (Note6)						
		The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note7)	The company		Companies in the consolidated financial statements (Note7)		The company	Companies in the consolidated financial statements (Note7)	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Director	Zheng Qintian																					
Director	Zheng Xiuhui																					
Chairman	Lishuo Investment Co., Ltd Representative: Zheng Zhilong																					
Currently Director & President	Lishuo Investment Co., Ltd Representative：Fan Huajun	9,685	9,685	0	0	12,000	12,000	0	0	0.32%	0.32%	12,104	12,204	0	0	13,663	0	13,663	0	0.69%	0.69%	0
Independent Director	Hong Xiyao																					
Independent Director	Li Wencheng																					
Independent Director	Yan Yunqi																					

Range of Remuneration

Range of Remuneration Paid for Each Director of the Company	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note9)	Companies in the consolidated financial statements (Note10) (H)	The Company (Note9)	Companies in the consolidated financial statements (Note10) (I)
Below NT$2,000,000	Zheng Xiuhui、Hong Xiyao、Li Wencheng、Yan Yunqi	Zheng Xiuhui、Hong Xiyao、Li Wencheng、Yan Yunqi	Hong Xiyao、Li Wencheng、Yan Yunqi	Hong Xiyao、Li Wencheng、Yan Yunqi
NT$2,000,000（Included）～ NT$5,000,000（Not Included）	Fan Huajun、Zheng Qintian	Fan Huajun、Zheng Qintian		
NT$5,000,000（Included）～ NT$10,000,000（Not Included）	Zheng Zhilong	Zheng Zhilong	Zheng Zhilong、Fan Huajun、Zheng Xiuhui	Zheng Zhilong、Fan Huajun、Zheng Xiuhui
NT$10,000,000（Included）～ NT$15,000,000（Not Included）				
NT$15,000,000（Included）～ NT$30,000,000（Not Included）			Zheng Qintian	Zheng Qintian
NT$30,000,000（Included）～ NT$50,000,000（Not Included）				
NT$50,000,000（Included）～ NT$100,000,000（Not Included）				
Over NT$100,000,000				
Total	7 Persons	7 Persons	7 Persons	7 Persons

Note 1: The names of directors should be separately listed (the legal person shareholder should list the name of the legal person shareholder and the representative separately), and disclose the amount of each payment in a summary manner. If the director is also the president or vice president, the remuneration of the president and the vice president of the following table and the following appendix (1-3) should be filled out.

Note 2: Refers to the remuneration of directors in the most recent year (including directors' salary, job title, severance pay, various bonuses, bonuses, etc.).

Note 3: The amount of directors' remuneration distributed by the board of directors in the most recent year is included.

Note 4: Refers to the relevant business execution expenses of the directors in the most recent year (including car and transport fees, special expenses, various allowances, housing, car and other physical supplies, etc.). In the case of the provision of housing, motor vehicles and other means of transport or exclusive individuals, the nature and cost of the assets provided, the actual or at a fair market price, rent, oil and other payments should be disclosed. If there is a driver, please note the company's payment for the driver, but not including the remuneration.

Note 5: Refers to the salary of the director, the vice president, other managers and employees in the most recent year, including salary, job addition, severance payment, various bonuses, incentives, travel fees, special expenses, various subsidies, dormitories, car rentals, etc. In the case of the provision of housing, motor vehicles and other means of transport or exclusive individuals, the nature and cost of the assets provided, the actual or at a fair market price, rent, oil and other payments should be disclosed. The figures of this project include the company's provision of directors' cost of NT$767 thousand, and the driver's compensation of NT$2,683 thousand.

Note 6: Refers to the employee of the director (including the president, vice president, other managers and employees) who has obtained employee compensation (including stocks and cash) in the most recent year, and should disclose the amount of compensation paid by the board of directors in the most recent year. If it is not possible to estimate, the proposed distribution amount for this year will be calculated based on the proportion of the actual distribution amount last year, and the appendix (1-3) should be filled out.

Note 7: The total amount of remuneration paid by all companies (including the Company) to the directors of the Company should be disclosed.

Note 8: The Company pays the total amount of each director's remuneration and exposes the director's name in the range of remuneration.

Note 9:All the companies (including the company) in the consolidated report should be exposed to the total remuneration of each director of the company, and the names of the directors should be disclosed in the range of remuneration.

Note 10:After-tax net profit refers to the net profit in the most recent year; if the international financial reporting standard has been adopted, the after tax net profit represents the individual's after-tax net profit report in the most recent year.

Note 11:

a. This column should clearly state the amount of remuneration paid by the company's directors for the transfer of investment from the subsidiary.

b. If a director of a company receives remuneration from a subsidiary other than an investment enterprise, the director shall transfer the remuneration received by the director of the company to the investment enterprise outside the subsidiary, and merge it into the column of the remuneration range, and alter the item as "all re-investment business".

c. Remuneration refers to rewards of the Company's directors to conduct business execution expenses as directors, supervisors, or managers of other subsidiaries, including rewards of employees, directors, and supervisors.
* The contents of the remuneration disclosed in this form are different from the income concept of the income tax law. Therefore, the purpose of this form is for information disclosure and is not taxable.

(2) Regulator's remuneration: On June 13, 2017, the Company established the Audit Committee to replace the supervisor's functions, and the supervisor's remuneration was not paid in 2018.

(3)Remuneration of president and vice president

Dec. 31, 2018 Unit: NT$Thousand

Title	Name (Note1)	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Compensation Paid from an Invested Company Other than the Company's Subsidiary (Note 9)
		The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company		Companies in the consolidated financial statements (Note 6)		The company	Companies in the consolidated financial statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Fan Huajun	7,511	7,511	0	0	4,991	6,015	6,996	0	6,996	0	0.28%	0.30%	No
Development Dept. Vice President	Liao Zhaoxiong													
Finance Dept. Vice President	Wang Suyue													
Kaohsiung Branch Vice President	Cao Yuanbo													

Range of Remuneration

Range of Remuneration Paid for President and Each Vice President of the Company	Name of President and Vice Presidents	
	The company (Note 7)	Companies in the consolidated financial statements (Note 8) (E)
Below NT2,000,000		
NT$2,000,000（Included）～ NT$5,000,000	Cao Yuanbo、Wang Suyue	Cao Yuanbo、Wang Suyue
NT$5,000,000（Included）～NT$10,000,000	Fan Huajun、Liao Zhaoxiong	Fan Huajun、Liao Zhaoxiong
NT$10,000,000（Included）～NT$15,000,000		
NT$15,000,000（Included）～NT$30,000,000		
NT$30,000,000（Included）～NT$50,000,000		
NT$50,000,000（Included）～NT$100,000,000		
Over NT$100,000,000		
Total	4 persons	4 persons

Note 1: The President's and the Vice presidents' names should be listed separately, and the payments should be consolidated for disclosure.

Note 2: The latest amount of the President's and the Vice presidents' remunerations (including salary, job allowances and severance payment).

Note 3: The latest annual business execution expenses of the President and the Vice presidents (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall also include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 4: The employee remuneration (including stock and cash) distributed to the President or Vice president as passed by the board of directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 should be filled out. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 5: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's President and Vice presidents.

Note 6: The total remuneration paid by the Company to each President and Vice president; the President's and the Deputy General Managers' names are to be disclosed in the respective tiers.

Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's President and Deputy General Managers should be disclosed, and the President's and the Vice presidents' names should be disclosed in the respective tier.

Note 8: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 9:
a. In this field the amount of remuneration paid to the General Manager or the Vice presidents by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.
b. If the President and Vice presidents receive remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column D of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".
c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's President or Vice president for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(4)Managers with Employee Remuneration Distribution

Dec. 31, 2018 Unit: NT$Thousand

	Title (Note 1)	Name (Note 1)	Stock Bonus	Cash Bonus	Total	Ratio of Total Amount to Net Income (%)
MANAGERS	CEO	Zheng Qintian	0	25,026	25,026	0.37%
	Chairman	Zheng Zhilong				
	President	Fan Huajun				
	Special Assistant to Chairman	Zheng Xiuhui				
	Kaohsiung Branch Vice President	Cao Yuanbo				
	Development Dept. Vice President	Liao Zhaoxiong				
	Finance Dept. Vice President	Wang Suyue				
	Planning Dept. Associate Manager	Song Guozong				
	Sales Dept. Associate Manager	Chen Qiuwei				
	Accounting Dept. Associate Manager (Effective on April 1, 2018)	Li Xiutai				
	Kaohsiung Branch Sales Manager	Zheng Junmin				
	Kaohsiung Branch Finance Manager	Chen Qiulan				

Note 1: The names and titles should be listed separately, and the remuneration distribution may be consolidated for disclosure.

Note 2: The latest amount of the manager’s employee remuneration as passed by the board of directors (including shares and cash) in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 3: The definition of manager, as governed by the letter of the SFC on March 27, 2003 with a reference no. of Tai-Tsai-Cheng III 0920001301, is as follows:

(1) President and equivalent.
(2) Vice president and equivalent.
(3) Associate and equivalent.
(4) Head of financial department.
(5) Head of accounting department
(6) Other people who have the right to manage the company's affairs and are the company's authorized signatories.

(5) Analysis of the ratio of total remuneration (paid to the Directors, Supervisors, President and Vice presidents of the Company by the Company and all the companies in the consolidated statements in the last two years) to net profit after tax:

Title	Ratio of Total Remuneration to Net profit after tax in 2017		Ratio of Total Remuneration to Net profit after tax in 2018	
	The company	Companies in the consolidated financial report	The company	Companies in the consolidated financial report
Directors	1.89%	1.89%	0.69%	0.69%
Supervisor	0.02%	0.02%	-	-
President and Vice President	0.76%	0.79%	0.28%	0.30%

The salary structure of the directors, presidents and vice presidents is the basic salary, food allowance, supervisor addition, job addition, and professional addition. The salary varies from NT$120,000 to NT$250,000 depending on their academic qualifications, experience, and performance work years. The merits of business performance affect the issuance of bonuses for business executives.

4. Implementation of Corporate Governance

(1)Operation of the board meeting: (A) Seventeen board meetings were held in 2018, and the attendance of Directors (including Independent Directors) is as follows:

Title	Name (Note1)	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) [B/A] (Note 2)	Remarks
Chairman	Lishuo Investment Co., Ltd Representative：Zheng Zhilong	16	1	94%	
Director	Zheng Qintian	15	2	88%	
Director	Lishuo Investment Co., Ltd Representative：Fan Huajun	16	0	94%	
Director	Zheng Xiuhui	17	0	100%	
Independent Director	Hong Xiyao	17	0	100%	
Independent Director	Yan Yunqi	1	16	6%	
Independent Director	Li Wencheng	17	0	100%	
Other matters to be recorded: 1. If any of the following circumstances occurs in the operation of the board meeting, please indicate the date of the board meeting, the session number, the contents of the motion, the opinions of all independent directors and the Company's handling of the opinions of the					

Independent Directors:
(1) Matters listed in Article 14-3 of the Securities Exchange Act.
(2) Other than the aforementioned matters, the board resolutions which Independent Directors object to or have reservations about, and there are records or written statements for them. The Company did not encounter any of the circumstances.

2. For the situation where a Director avoids a motion related to his/her own interests, please specify the director's names, the contents of the motion, the reasons for the avoidance of interests and the voting results:

Date of Board of Directors Meeting	Name of Directors	Motion Contents	Reason for Interest Avoidance	Participation in voting
March 22, 2018	Zheng Zhilong	The company plans to sign a joint construction contract with Yi-chi Co., Ltd and Bi-chiang Co., Ltd	Directors of the stakeholder of the case and the subsidiary	Avoiding participation in the voting according to law
	Zheng Qintian			
	Fan Huajun			

3. The goals for strengthening the board's functions in the current and the previous year (e.g., establishment of an audit committee, promotion of information transparency, etc.) and assessment of the implementation:

The Company has established the "Regulations on Board Meetings" in accordance with the law to comply with and strengthen the functions of the Board of Directors. In the most recent year (2018.01.01~2018.12.31), a total of 17 board meetings were held. The important bills were announced in accordance with the law at the public information observatory. The company's website exposes the minutes of the board of directors and does disclose the information. On June 13, 2017, the Company established the Audit Committee to replace the supervisor's authority. The newly elected three independent directors, all the independent directors formed the "Audit Committee" and set up the remuneration committee and the remuneration according to law on December 19, 2011. Yan Yunqi was elected as the convener and chairman of the Remuneration Committee. In the future, information will be disclosed to facilitate the public to understand the company's financial and business operations and enhance information transparency.

Note 1: If a director or supervisor is a legal entity, please disclose the name of the corporate shareholder and of its representative.

Note 2: (1) If there is a director or supervisor leaving the company before the end of the year, please indicate the date of departure in the note field. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

(2) If there is a director or supervisor election before the end of the year, please list both the new and the old directors and supervisors, and indicate in the Remarks column whether the director or supervisor is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

(2) The operation of the audit committee or the supervisor's participation in the operation of the board of directors

i. The operation of the audit committee

The most recent annual audit committee meeting 6 times (A), the independent directors are listed as follows:

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) [B/A] (Note)	Remarks
Independent Director	Hong Xiyao	6	0	100%	According to law, an audit committee was set up to replace supervisor's authority on June 13, 2017.
Independent Director	Li Wencheng	6	0	100%	
Independent Director	Yan Yunqi	1	5	17%	

Other items to be recorded:

1. The operation of the Audit Committee shall state the date and time of the Board of Directors, the content of the proposal, the results of the resolution of the Audit Committee and the company's handling of the opinions of the Audit Committee if there is one of the following circumstances: None.
   (1) The matters listed in Article 14-5 of the Securities Exchange Law.
   (2) In addition to the pre-opening matters, other matters that have not been approved by the Audit Committee and have been approved by more than two-thirds of all directors
2. The independent directors shall state the name of the independent directors, the content of the proposal, the reasons for avoiding the interests, and the participation in the voting.

Date of Board of Directors Meeting	Name of Independent Directors	Motion Contents	Reason for Interest Avoidance	Participation in voting
June 20, 2018	Li Wencheng	The Company's sale of the "Sen Xue Yuan Area B" was transferred to the related company "Runlong Construction Co., Ltd."	Director of the stakeholder of the case and the subsidiary	Avoiding participation in the voting according to law
	Yan Yunqi			
Aug. 6, 2018	Li Wencheng	The company sold the land of No. 891-2, Yuguang Section, Anping District, Tainan City, to the related company "Runlong Construction Co., Ltd.".	Director of the stakeholder of the case and the subsidiary	Avoiding participation in the voting according to law
	Yan Yunqi			
Sept. 7, 2018	Li Wencheng	The Company sold "Jinjun Construction Co., Ltd." to the related company "Runlong Construction Co., Ltd.".	Director of the stakeholder of the case and the subsidiary	Avoiding participation in the voting according to law
	Yan Yunqi			

3. Communication between the independent directors and the internal audit supervisors and accountants (shall include the major issues, methods and results of the company's financial and business conditions).
   (1). The internal audit supervisor shall, in addition to the audit report and the follow-up report delivered to the independent directors before the end of the completion date,

and attend the audit committee, the independent director may fully communicate with the internal audit supervisor. (2). The Accountant will fully communicate with the independent directors in writing or face-to-face communication on the findings of the audit or review and the review or review process, and will attend the Audit Committee to provide relevant advice.

Note: * If there is an independent director leaving before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the audit committee during its incumbency and its actual attendance.

* Before the end of the year, if there is an independent director re-election, both the new and the old independent directors should be filled in, and the remarks should be indicated in the remarks column as the old, new or re-election and re-election date. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee during its incumbency and its actual attendance.

ii. The supervisor's participation in the operation of the board of directors: The company has abolished the supervisor system since June 13, 2017, and therefore does not apply.

(3) Corporate Governance Status, Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
1. Does the company follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and has the company established and disclosed its own Corporate Governance Best Practice Principles?	✓		The Company has established and disclosed a code of practice on corporate governance in accordance with the "Code of Practice for Corporate Governance on the Listed Companies".	Meet the requirements of the Code.
2. The company's shareholding structure and shareholders' equity				
(1) Does the company stipulate internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation matters, and implement them according to procedures?	✓		(1) Through the company's spokesperson, stock affairs and external webmail emails, the company will review and improve the company's opinions.	(1) Meet the requirements of the Code.
(2) Does the company have a list of the ultimate controllers of the major shareholders and major shareholders of the actual control company?	✓		(2) At present, most of the major shareholders of the Company are owned by the operation team or their relatives. The Company can grasp the list of major shareholders of the actual control company at any time to ensure	(2) Meet the requirements of the Code.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
			the stability of the operation rights.	
(3) Does the company establish, implement and control the risk control and firewall mechanism between the enterprises?	✓		(3) The management authority of personnel, assets and finance between the Company and its related companies is clear, and it does handle risk assessment and establish appropriate firewall mechanisms. The business dealings with the related companies are based on the principle of fairness and reasonableness, and are subject to the relevant management measures such as "specified company, group company and related party transaction procedures" and internal control. The price conditions and payment methods are clearly defined for the signing of the contract, and the unconventional trading situation is prohibited and the interest transfer is prohibited. In addition, the competition behavior of directors and managers is submitted to the shareholders' meeting and the board of directors to approve the dismissal of competition	(3) Meet the requirements of the Code.
(4) Does the company stipulate internal regulations and prohibit insiders from using the undisclosed information on the market to buy and sell securities?	✓		(4) The Company has established ethical code of conduct and established procedures for preventing internal transaction transactions, prohibiting insiders from using market unpublished information to buy and sell securities.	(4) Meet the requirements of the Code.
3.the composition and duties of the board of directors				
(1) Does the board of directors formulate a diversified policy and implement it in terms of membership?		✓	(1) Although the company has not yet established a diversification policy, it is based on existing business models and actual needs, and recruits talents with different business backgrounds to strengthen the ability of the board to operate.	(1) The composition of the board of directors of the Company has been considered in terms of the company's operation, operational type and development needs.
(2) Does the company voluntarily set up other functional committees in addition to the salary remuneration committee and the audit committee?	✓		(2) At present, the Company has set up salary compensation committees and audit committees according to law, and has not set up other functional committees.	(2) In the future, other functional committees will be set up in accordance with relevant laws and regulations.
(3) Does the company stipulate the performance appraisal		✓	(3) Although the company has not yet established a "Board Performance Evaluation Method", it regularly	(3) To be handled in accordance with the law in the future.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
methods of the board of directors and their assessment methods, and conduct performance evaluations every year and regularly? (4) Does the company regularly assess the independence of the visa accountant?	✓		tracks and records the attendance rate of directors, the number of hours of study per year, the avoidance of interests, communication with company management, and audit of company financial and audit reports. (4) The directors of the Company regularly assess the independence of the visa accountant. At present, the company's visa offices are the top five firms, and they are not related to the company and directors, and are in compliance with visa independence.	(4) Meet the requirements of the Code.
4. Whether the listing company has set up a corporate governance special (part-time) unit or personnel responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to conduct business, and handling matters related to meetings of the board of directors and shareholders meeting in accordance with the law, handling company registration and change registration, making board of directors and shareholders meeting, etc.)?	✓		In order to strengthen corporate governance and enhance the effectiveness of the Board of Directors, the Company has set a corporate governance officer responsible for corporate governance in accordance with Article 3 of the Code of Practice for Corporate Governance on the Listed Companies and the Main Points of the Board of Directors for the Establishment and Exercise of Duties of Listed Companies. Related matters. .	Meet the requirements of the Code.
5. Does the company establish communication channels with interested parties (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder areas on the company's website, and respond appropriately to important corporate societies of concern to stakeholders, and responsibility issues?	✓		The company's communication channels with stakeholders are smooth and the stakeholder relationship area is set up on the company's website, and it is appropriate to respond to important corporate social responsibility issues of concern to stakeholders, such as landlords, third parties, correspondents, and company employees. The exclusive department is responsible for communication and coordination.	Meet the requirements of the Code.
6.Does the company appoint a professional stock agency to handle the affairs of the shareholders' meeting?	✓		The company has appointed a professional stock agency to handle the affairs of the shareholders' meeting.	Meet the requirements of the Code.
7. Information disclosure (1) Has the company set up a website to disclose financial and corporate governance information?	✓		(1) The company discloses the relevant information on its website: (http://www.highwealth.com.tw).	(1) Meet the requirements of the Code.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
(2) Does the company adopt other information disclosure methods (such as setting up an English website, appointing a dedicated person responsible for the collection and disclosure of company information, implementing the spokesman system, and posting the company's corporate briefing process on the website, etc.)?	✓		(2) The company has appointed a special person to coordinate the disclosure and update of the company's information at any time. There is also a spokesperson and relevant departments responsible for the collection of public information and communication with the outside world.	(2) Meet the requirements of the Code.
(8) Does the Company have any other important information (including but not limited to employees' rights, employee care, investor relations, supplier relationship, rights and interests of interested parties, training for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	✓ ✓ ✓ ✓ ✓		(1) Employee rights and interests and employee care: The Company attaches great importance to the harmony of labor relations and the welfare and rights of employees. It continuously enhances the staff welfare system and the working environment and its quality, including employee meals, health checks, bonuses, travel ... and so on, so that employees can enjoy a sound welfare system and job security. (2) Employee Care: The company attaches great importance to ensuring the safety and health of employees, provides health care and assistance services, and employees enjoy annual health checks. (3) Investor relations: The company continues to maintain good interaction with investors by disclosure of financial information, regular communication through various activities (e.g., corporate briefings, overseas roadshows and broker-organized investor conferences) to communicate and exchange with investors. Investor feedback is also provided to the Company's executives and related units for improvement and adjustment. In the future, the Company will continue to strengthen investor relations and maintain good communication and exchange with investors. (4) Supplier relationship: The company keeps good relations with suppliers and ensures stable contract implantation (5) Rights and interests of interested parties: the company's interested parties can communicate and provide	(1) Meet the requirements of the Code. (2) Meet the requirements of the Code. (3) Meet the requirements of the Code. (4) Meet the requirements of the Code. (5) Meet the requirements of the Code.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
			suggestions to the company, an effort to keep their legal rights smoothly.	
	✓		(6) Training for the directors and supervisors: Please see Page 35 for details.	(6) Meet the requirements of the Code.
	✓		(7) Implementation of risk management policies and risk measurement standards: The company's major operation policies, investments, endorsements and guarantees, loans and bank financing are subject to the assessment of appropriate authorities and the approval of the board of directors. The Audit Department also draws up its annual audit plan in accordance with the risk assessment results to implement the monitoring mechanism and risk management.	(7) Meet the requirements of the Code.
	✓		(8) Implementation of customer policy: To provide consumers with real-time product consulting services, the company set up a customer service hotline and a customer service email address to communicate with customers and safeguard their interests.	(8) Meet the requirements of the Code.
		✓	(9) The company purchased liability insurance for directors and supervisors: The company has passed the resolution of the board of directors on March 19, 2019 to purchase liability insurance for the directors, which will be implemented in accordance with the law.	(9) Meet the requirements of the Code.

9. Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for the items not yet improved (not applicable if not included as a company to be evaluated).

The company has completed the corporate governance evaluation self-assessment report for 2018, and the indicators that have not been reached have set improvement targets and deadlines according to the company's current situation.

Title	Indicator Improvement	Plan	Improvement Period
3.16	Does the company's annual report and website disclose the list of major shareholders, including the shareholder's or shareholding ratio of more than 5% of the shareholder's share of the top ten shareholder, shareholding and proportion?	Whether the company's annual report and website exposes the list of major shareholders, including the shareholder's or shareholding ratio of more than 5% of the shareholder's share of the top ten shareholder, shareholding and proportion.	2019 June

(4) If the company has a remuneration committee, please disclose its composition, duties, and operation:

i. Remuneration Committee Member Information

	Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience Independence			Independence Criteria (Note 2)								No. of other listed companies working as remuneration committee member of	Remark (remuneration committee's authority)
		Business, Legal Affairs, Finance, Accounting, Lecturer or above in Colleges in Related departments	Judges, prosecutors, lawyers, accountants or other national examinations required for business with the company, and specialized professional and technical personnel with certificates	Business, Legal Affairs, Finance, Accounting or Related Work Experience	1	2	3	4	5	6	7	8		
Other	Yan Yunqi	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Establish and regularly review the policies, systems, standards and structures of the company's directors and managers for performance evaluation and compensation
Other	Hsu Ya-hui	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Other	Cai Chi-chan	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note 1: Please fill in director, independent director or others as the identity.

Note 2: If the member meets any of the following conditions during the two years before the position and during the term of office, please tick in the spaces below the conditions.

(1) Is not an employee of the Company or its affiliate.

(2) Is not a director or supervisor of the Company or its affiliates (except in the case of an independent director of the Company or its parent company or subsidiary set up under this Act or a local law).

(3) Is not a top ten shareholder or a shareholder who holds more than one percent of the total issued shares of the Company by him/herself or through his/her spouse, minor children or other persons.

(4) Is not a spouse or 2nd-degree relative or above or 3rd-degree linear relative of the persons listed in the preceding three paragraphs.

(5) Is not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, or a director, supervisor or employee of a top-five corporate shareholder.
(6) Is not a director, supervisor or manager of a particular company or organization that is related with the Company either financially or on business, or a shareholder with more than 5% of the shares of the Company.
(7) Is not a professional or a business owner, partner, director, supervisor, manager or a spouse of any of the persons above of a sole proprietorship, partnership, corporation or institution which provides the Company or its affiliates with business, legal, financial, accounting, consulting or other services.
(8) Does not have any of the circumstances in Article 30 of the Company Law.

ii. Remuneration Committee Operation Status

(i.) The Company's Remuneration Committee is composed of three people, and was elected on June 13, 2017.

(ii.) Current member's tenure: From June 13, 2017 to June 12, 2020. In 2017 the Remuneration Committee held two meetings (A), and the member qualifications and attendance are as follows:

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) (B/A)	Remarks
Convener	Yan Yunqi	0	2	0%	
Member	Hsu Ya-hui	2	0	100%	
Member	Cai Chi-chan	2	0	100%	
Other matters to be recorded: 1. If the board of directors did not adopt or amend the suggestion of the remuneration committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the company's handling of the suggestion of the remuneration committee (if the remuneration passed by the board is better than the suggestion of the remuneration committee, please state the difference and the reasons): Not such situation. 2. If any member had objections or reservations about the resolution of the remuneration committee and there is a record or a written statement, please indicate the date and session number of the remuneration committee meeting, the contents of the motion, all the opinions of the members and how the opinions were handled: Not such situation.					

Notes:
(1) If any remuneration committee member leaves the company before the end of the year, please state in the remarks column the departure date, the actual attendance rate (%) calculated based on the number of remuneration committee meetings and the number of actual meetings attended during the tenure.
(2) If there is a remuneration committee member election before the end of the year, please list both the new and the old members, and indicate in the remark column whether the member is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of remuneration committee meetings held and the actual number of meetings attended during the tenure.

(5) Corporate Social Responsibility (CSR):

Corporate Social Responsibility

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Evaluation Item</th></tr>
<tr><td>1. Implementation of Corporate Governance
(1) Has the company set up a corporate social responsibility policy or system and a review of the implementation effectiveness?
(2) Does the company regularly conduct social responsibility education and training?
(3) Has the company set up a dedicated (or concurrent) corporate social responsibility promotion unit which is authorized by the board of directors to be managed by the high-level management and reports to the board of directors?
(4) Has the company formulated a reasonable remuneration policy and combined the staff performance appraisal system with the corporate social responsibility policy, and set up a clear and effective reward and punishment system?</td><td>✓
✓
✓
✓</td><td></td><td>(1) The Company had passed the "Code of Practice for Corporate Social Responsibility", and made public on its website. In the future, corporate social responsibility will continue to be practiced.
(2) The Company conducts social responsibility promotion to employees on a regular basis.
(3) The Company’s corporate social responsibility is promoted by its management department, which is also responsible for employee education and training in green building and environmental protection.
(4) The company has a personnel management rule, which includes a reasonable salary compensation policy, and combines the employee performance appraisal system with the corporate social responsibility policy, and establishes a clear and effective reward and disciplinary system.</td><td>Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies</td></tr>
<tr><td>2. Development of Sustainable Environment
(1) Is the company committed to improving the efficiency in the use of resources, and the use of recycled materials with low environmental impact?
(2) Has the company established an appropriate environmental management system according to its industrial characteristics?
(3) Is the company aware of the impact of climate change on operational activities,</td><td>✓
✓
✓</td><td></td><td>(1) The company is committed to the recycling of paper and retains building materials such as cabinets, glass, curtains and door fans when relocating the office.
(2) The wastes of the construction sites of the company shall be fully recycled and disposed of by professional and legal environmental protection companies.
(3) The company uses energy-saving lamps to promote the use of</td><td>Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies</td></tr>
</table>

Evaluation Item	Implementation Status			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Evaluation Item	
and to implement greenhouse gas inventory, formulate corporate energy conservation and carbon reduction and greenhouse gas reduction strategies?			electricity by employees, to turn off the engine of vehicles when they are on standby, and to reduce greenhouse gas emissions.	
3. Social welfare (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(1) The company protects the legitimate rights and interests of employees and provides pensions in accordance with labor regulations. There is a Staff Welfare Committee to handle various welfare matters through the operation of the welfare committee elected by the staff.	(1) Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies
(2) Has the company set up an employee complaint mechanism and channel, and properly handles employee complaints?	✓		(2) The Company has established an employee complaint mechanism and pipeline, and properly handled relevant appeal cases.	(2) Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies
(3) Whether the company offers both safe and healthy working environment for its employees, and put into practice of safety and health education on a regular basis or not?	✓		(3) Safety technical personnel, operation supervisors, and/or construction safety assessment personnel are now employed by the company, an attempt to provide a safe and healthy working environment and a regular training as well.	(3) Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies
(4) Whether a regular employee communication mechanism is available, and with which to advise any significant impacts on the change of operations in a regular way or not?	✓		(4) Cross-department symposia of employees are held on a regular basis, and a full mobilization meeting is offered to provide staff discussion channels, for example. And the company also offers a professional training so as to promote any significant impacts on the change of operations.	(4) Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies
(5) Whether an effective career development training project is available for employees or not?	✓		(5) Relevant internal and external professional education and training are offered to fulfill career skills of employees. Employees are also encouraged to assess their own interests, skills, values, and goals; and communicate with managers regarding personal intentions and career plans for the future.	(5) Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies
(6) Whether related consumer protection policies and grievance procedures are available by the company regarding its R&D, procurement, production, operations, and service processes or not?	✓		(6) A good communication channel with customers is maintained, and the company also offers an after-sales service department to immediately handle transparent and effective consumer complaints. These comply with the Personal Data Protection Act and related regulations to protect	(6) Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies

Evaluation Item	Implementation Status			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Evaluation Item	
(7) Whether the company complies with relevant regulations and international standards for marketing and labeling of its products and services or not?	✓		personal information provided by consumers. (7) The company abides by relevant laws and international standards regarding its marketing and labeling of products and services. Nothing on cheating, misleading, fraudulence or any other acts that undermine consumer confidence and consumer right damages.	(7) Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies
(8) Before dealing with suppliers, whether the company has assessed the supplier of any previous records or affecting the society or not?	✓		(8) Suppliers are required to submit qualified raw materials testing on chloride ion and non-radiation, and whether suppliers have historically affected environmental and social records or not is also assessed.	(8) Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies
(9) Whether the company's contract with its major suppliers includes a term to call off the contract at any time if suppliers violate their corporate social responsibilities and have significant environment and social impacts?		✓	(9) The company's contract with its major suppliers has not yet included a term to call off the contract at any time if suppliers violate their corporate social responsibilities and have significant environment and social impact.	(9) Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies
4. Strengthening information disclosure (1) Does the company disclose relevant and reliable information on corporate social responsibility on its website and MOPS?	✓		The company discloses information on fulfilling social responsibilities in annual reports, public statements , and MOPSwebsite.	Compliance with the Code of Practice for Corporate Social Responsibility of Listed Companies
(5) If the company has its own corporate social responsibility code in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, please describe the difference between its operation and the prescribed code: No major difference. (6) Other important information to help understand the operation of corporate social responsibility: 1. Environmental protection: The wastes of the company's various construction sites are fully contracted and handled by professional and legal environmental protection companies. Each site has a director who is responsible for rectification and environmental maintenance management. 2. Community participation: Participate in all the cases to distinguish the owner's meeting, the guiding management committee to operate normally, and provide community services, strengthen the TMO function, promote to the non-construction community, the permanent adoption of the park near the construction case and the public park of the non-construction park adoption. 3. Social contribution, social service, social welfare: Apart from being committed to the development of the industry, the Company and its subsidiaries have not forgotten to give back to the community, and to practice the corporate spirit of "taking it from society and using it in society". In recent years, the company has continued to promote caring for the disadvantaged and investing considerable resources and donations. The various donor activities continued in 2018, as the following:				

Evaluation Item	Implementation Status			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Evaluation Item	

Unit: NT$ Dollar

Name of Donated Organizations	Amount
Yi-chia Community Development Association	50,000
Chinese Taipei Baseball Association	3,000,000
Taichung City Police Friendship Association	54,000
Taipei Elderly Service Association	20,000
Taipei Municipal Minzu Experimental High School	50,000
Taiwan Youth Foundation	1,000,000
Kaohsiung City Police Friendship Association	150,000
Kaohsiung Municipal Athletics Federation	100,000
Neo-Classic Chamber Ensemble	100,000
Academic seminar donations – Taiwan Criminal Law Society	100,000

4. Consumer Rights:

While maintaining normal operations and maximizing the interests of shareholders, we will also build a qualified, legal and national security regulations and environmental protection policies, and pay attention to consumer rights, community environmental protection and public welfare issues, and irregular customer satisfaction. Investigate, for projects with poor satisfaction, in conjunction with relevant departments, review the lack of improvement, to improve product quality and customer satisfaction, so that consumers can buy peace of mind, rest assured, and pay attention to the company's social responsibility.

5. Human rights, safety and health:

In order to take care of employees' retirement life, the company has set a personal salary to each pension employee to the retirement account in accordance with the new retirement system as stipulated by the Labor Insurance Bureau, so that all employees can have a carefree retirement life. In addition, a staff welfare committee is established to ensure the employees' rights and interests. . It also has a safety and health technician, an operation supervisor or a construction safety assessment staff to provide a safe and healthy working environment and regular training.

(7) If the company's product or CSR report has passed the verification criteria of the relevant verification agency, it should be stated: The Corporate Social Responsibility Report has been placed on the company's website. In the future, the development trend of domestic and foreign corporate social responsibility reports will be considered to pass the verification standards of relevant certification agencies.

(6) Implementation of Integrity Management

Evaluation Item	Implementation Status			Differences with Corporate Governance Best Practice Principles for Listed Companies and reasons
	Yes	No	Abstract Illustration	
1. Setting business integrity policies and programs (1) Does the company express its commitment to the policies and practices of integrity management in its regulations and in the external documents, and do the board of directors and the management actively implement the business policies? (2) Has the company set up a program for the prevention of dishonesty as well as the procedures, conduct guidelines and a disciplinary and appeals system in various programs and implemented them? (3) Has the Company adopted precautionary measures in respect of business activities with a high risk of dishonesty in Article 7-2 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓ ✓ ✓		(1) The Company has a “Code of Ethical Conduct for Directors and Managers”, which stipulates that directors, managers and servants must not have conflicts of interest, avoid the situation of self-interest and self-reliance, and actively implement the commitments of the operating policies. (2) The Company complies with the relevant laws and regulations of the Company Law, the Securities Exchange Law, the Commercial Accounting Law and the relevant regulations on the listing of the OTC, as a disciplinary and grievance system for violations, and implements the basics of integrity management. (3) The Company's “Code of Ethical Conduct” and “Personnel Management Guidelines” clearly define the code of conduct for all employees and require commitment to comply with legal and ethical principles to safeguard the company's assets, interests and image.	Compliance with the integrity management rules of the listed company, no difference.
2. Implementation of integrity management (1) Does the company assess the integrity record of its business partner, and stipulate the terms of conduct on integrity in the contract with the business partner? (2) Has the company set up a dedicated (or concurrent) corporate integrity promotion unit under the board of directors which regularly reports to the board on its work?	✓ ✓		(1) The Company conducts commercial activities on the principle of fairness and transparency. When signing a contract with others, the legal personnel review the terms of the contract, and the contractual content will strengthen the relevant provisions of the integrity clause. (2) The Company shall set up an auditing unit directly under the Board of Directors to be responsible for auditing whether there is any violation of the integrity of the business within the enterprise. In addition, the directors or managers should perform the duty of care of the good managers,	Compliance with the integrity management rules of the listed company, no difference.

Evaluation Item	Implementation Status			Differences with Corporate Governance Best Practice Principles for Listed Companies and reasons
	Yes	No	Abstract Illustration	
			urge the company to prevent dishonesty, and review its implementation effectiveness and continuous improvement at any time to ensure the implementation of the integrity management policy.	
(3) Has the company formulated policies to prevent conflicts of interest, provided appropriate channels for statements and implemented them?	✓		(3) The Company's "Director's Meeting Rules" has a system of avoidance of directors' interests. Those who have interests in the bills listed by the board of directors and their own or their legal persons should explain the important contents of their interests to the board of directors, such as if it is harmful to the interests of the company, it shall not be included in the discussion and voting, and shall be evaded in discussion and voting, and shall not act as an agent to exercise the voting rights of other directors. The board of directors and the management should be actively implemented and implemented in internal management and external business activities.	
(4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, which is checked by the internal auditing unit on a regular basis or audited by external auditors?	✓		(4) The Company has established an effective accounting system and internal control system. Staff and shareholders can communicate with auditors through e-mail. Internal auditors regularly check the audit plan according to the audit plan, report to the board of directors and track the improvement of subsequent units to ensure the implementation of integrity management and avoid fraud. The audit supervisor will report the audit report to the audit committee the next month after the completion of the audit project and attend the company's regular board of directors and make an audit report.	
(5) Does the company hold regular internal and external training on business integrity?	✓		(5) The company regularly publicizes at the supervisory meeting and internal department meetings to enable employees to understand their integrity management concepts and norms.	
3. The operation status of reporting system on the company's integrity				Compliance with the integrity management rules

Evaluation Item	Implementation Status			Differences with Corporate Governance Best Practice Principles for Listed Companies and reasons
	Yes	No	Abstract Illustration	
management regulations that violate disciplinary and grievance.				of the listed company, no difference.
(1) Has the company set up specific reporting and reward systems and a convenient reporting channel, and does the company assign appropriate personnel to investigate the person being reported?	✓		(1) The company has set up a reporting system on both internal and external websites of the company to accept any notification of illegal or unethical circumstances, and an independent responsible unit is responsible for the investigation, and the identity of the informant and the contents of the report are strictly confidential.	
(2) Has the company set up standard investigation procedures and a related confidentiality mechanism for the matter being reported?	✓		(2) The Company has set up a reporting system on both internal and external websites of the company to accept any notification of illegal or unethical circumstances, and an independent responsible unit is responsible for the investigation, and the identity of the prosecutor and the contents of the report are strictly confidential.	
(3) Does the company take measures to protect the reporter from improper treatment?	✓		(3) The company will not tolerate any threats and retaliation from the sender. If the sender wishes to process it anonymously, the company will replace the original name of the sender anonymously during the investigation.	
4. Strengthening of Information Disclosure: (1) Does the company disclose the contents of its Code of Practice for Business Integrity and the effectiveness on its website and MOPS?	✓		(1) The Company has set up a website, annual report and an external mailbox to disclose the implementation of its integrity management code. The information disclosure and reporting pipeline is still open; ensure that it is disclosed to the competent authority or the public in a complete, timely, correct and timely manner. Information can be found on the public information observatory and the company's website.	Compliance with the integrity management rules of the listed company, no difference.
5. If the company has its own Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies", please describe the difference between them. The Company has formulated a code of conduct for the company's integrity and has a complete internal control system and various management measures. It has been implemented effectively and its control functions are sound. In the future, it will be updated according to the needs and regulations.				

Evaluation Item	Implementation Status			Differences with Corporate Governance Best Practice Principles for Listed Companies and reasons
	Yes	No	Abstract Illustration	
6. Other important information that helps to understand the company's integrity management operation (such as the company's determination of the company's integrity management, policies and invitations to participate in education and training, review and revision of the company's integrity management code, etc.): The company adheres to the principle of good faith management and engages in all commercial activities. When signing a contract with others, its contents include compliance with the integrity management policy and the transaction relatives may terminate or cancel the terms of the contract at any time; Professional and diligent management to ensure fair, sustainable and competitive returns, to create the best interests of shareholders; to provide working conditions that guarantee the health and safety of each employee, to listen to employees and to face complaints from employees in good faith problems, encouragement and assist employees in developing relevant skills and knowledge, and avoid illegal activities, providing employees with sustainable employment opportunities. The company values the interests of every interested person to promote the sustainable development of the company.				

(7) If the company has established a corporate governance code and related regulations, it should disclose its inquiry method.

i. The Company has a “Code of Practice for Corporate Governance” to follow, in addition to fully disclose financial and business related information in the public information observatory in accordance with the regulations of the competent authority, and set up “Shareholder Area – Company Management” on the company website. In order to fully disclose the corporate governance situation, another way to open the observing station is as follows:
Go to the public information observatory (http://mops.twse.com.tw/mops/web/index)and enter the company code 2542. Click on "Corporate Governance" and select "Procedures for Establishing Corporate Governance Rules" After clicking on "Listed Companies", you can check the company's corporate governance code and related regulations.

ii. The Company has established an “Ethical Code of Conduct” to follow, and set up “Shareholder Area – Company Management” on the company website to fully disclose the code of conduct.
Go online and enter the public observatory (website: "http://mops.twse.com.tw/mops/web/index"), enter company code 2542, click on "Corporate Governance", and select "Development Rules for Corporate Governance" After clicking on "Listed Companies", you can check the company's ethical code of conduct.

iii. The Company has established the "Code of Integrity of Companies" to follow, and set up the "Stakeholder Zone - Archives Zone" on the company's website to fully expose the Code of Conduct. :
Go online and enter the public observatory (website: "http://mops.twse.com.tw/mops/web/index"), enter company code 2542, click on "Corporate Governance", and select "Development Rules for Corporate

Governance" After clicking on "Listed Companies", you can check the company's corporate integrity management code.

(8) Other important information that is sufficient to enhance understanding of the operation of corporate governance

i. The Company also has a “Procedure to Prevent Internal Trading Management Procedures”, which also includes “Internal Major Information Processing Procedures”. As directors, managers and employees of the Company, the conduct should be guided and set on the company website. The "Corporate Governance Zone" fully discloses the management procedures. In the subsequent revision of the "Prevention of Internal Trading Management Procedures", the company will also notify all employees of the company by e-mail and submit the updated information to the directors for signing. The latest "Prevention of Internal Trading Management Procedures" is placed on the company's corporate website; new recruits will also be aware of the "Protection of Internal Trading Management Procedures" along with the company's manual.

ii. Training situation of directors and supervisors of the Company and its subsidiaries

Title	Name	Organizer	Course Name	Duration
Representative of the legal supervisor	Shi Jinqiu	Securities & Futures Institute	2018 Annual Defense Insider Promotion Conference	3 hours
Representative of the legal supervisor	Zhuang Zhongshan	Securities & Futures Institute	2018 Annual Defense Insider Promotion Conference	3 hours

(9) Implementation of the internal control system

i. Internal Control Statement

Internal Control Statement
Highwealth Construction Corporation

March 19, 2019

The internal control system from January 1 to December 31, 2018, according to the result of self-assessment is thus stated as follows:

1. The company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal capital system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
2. The internal control system has its innate restriction. An effective internal control system can only ensure the foregoing three goals are achieved; nevertheless, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. However, the internal control system of the Company has self-monitoring function and the Company will take corrective action once any defect is identified.
3. According to the effective judgment items for the internal control system specified in "Highlights for Implementation of Establishing Internal control System by Listed Companies" (hereinafter referred to as "Highlights") promulgated by Securities and Futures Commission, Ministry of Finance R.O.C., the company has made judgment whether or not the design and execution of internal control system is effective. The judgment items for internal control adopted by "Highlights" are, based on the process of management control, for classifying the internal control into five elements: 1.Control environment; 2.Risk assessments; 3.Control activities; 4.Information and communication; and 5.Monitoring. Each element also includes a certain number of items. For the foregoing items, refer to "Highlights".
4. The Company has adopted the aforesaid judgment items for internal control to evaluate the effectiveness of design and execution of internal control system.
5. Based on the above-mentioned result of evaluation, the company suggests that the internal control system, including the design and execution of internal control relating to the effectiveness and efficiency of operation, the reliability of financial reporting the compliance of applicable law and regulations has been effective on December 31, 2018, and they can reasonably assure the aforesaid goals have been achieved.
6. This statement will be the main content for annual report and prospectus and will be disclosed publicly. If the above contents have any falsehood and concealment, it will involve in the liability as mentioned in Article 20, 32, 171 and 174 of Securities and Exchange Law.
7. This statement has been approved by the meeting of Board of Directors on March 19, 2019, and those 7 directors in presence all agree at the contents of this statement.

Highwealth Construction Corporation

Chairman: Zheng Zhilong

President：Fan Huajun

ii. If the Securities and Futures Commission requires the company to commission an accountant to audit its internal control system, please disclose the accountant's audit report: Nil.

(10) The punishment to the company and its employees in accordance with the law, the company's punishment to its employees for violation of the provisions of its internal control system, the major defects and the improvements made in the latest year and as of the date of publication of the annual report: Nil.

(11) Important resolutions of the shareholders' meeting and the board meetings in the latest year and as of the date of publication of the annual report:

i. Important resolutions of the shareholders' meeting and the status of implementation

Date/Session	Meeting Record Contents			Special Items
	Brief summary of the motion	Resolution	Implementation	
June 11, 2018 2018 Shareholders Standing Meeting	Proposed to issue cash through capital reserve	Passed the proposal	Already distributed on October 5, 2018	No

ii. Important resolutions of the board of directors

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
Jan. 23, 2018 2018, Session 1	(1) Proposed to apply for a loan case from financial institutions. (2) Proposed to apply for a loan case from financial institutions. (3) Proposed to apply to the financial institution for the case of its renewal of commercial promissory notes due to the need of operational turnover. (4) Proposed to apply to the financial institution for the case of its renewal of commercial promissory notes due to the need of operational turnover. (5) Proposed to apply to the financial institution for the case of its renewal of commercial promissory notes due to the need of operational turnover. (6) Proposed to apply for a loan case from financial institutions. (7) Proposed to apply for a loan case from financial institutions.	(1) The case was passed by all the attending directors unanimously. (2) The case was passed by all the attending directors unanimously. (3) The case was passed by all the attending directors unanimously. (4) The case was passed by all the attending directors unanimously. (5) The case was passed by all the attending directors unanimously. (6) The case was passed by all the attending directors unanimously. (7) The case was passed by all the attending directors unanimously.	No
Feb. 27, 2018 2018 Session 2	(1) Proposed to purchase additional land from Wufu Section, Jinshan District, New Taipei City. (2) Proposed to apply for a loan case from financial institutions. (3)Proposed to apply to the financial institution for the case of its renewal of commercial promissory notes due to the need of operational turnover.	(1) The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (2) The case was passed by all the attending directors unanimously. (3) The case was passed by all the attending directors unanimously.	No

<table>
<tr><th rowspan="2">Date/Session</th><th colspan="2">Meeting Record Contents</th><th rowspan="2">Special Items</th></tr>
<tr><th>Brief summary of the motion</th><th>Implementation</th></tr>
<tr><td></td><td>(4) Proposed to apply to the financial institution for the case of its renewal of commercial promissory notes due to the need of operational turnover.
(5) Proposed to apply to the financial institution for the case of its renewal of commercial promissory notes due to the need of operational turnover.</td><td>(4) The case was passed by all the attending directors unanimously.
(5) The case was passed by all the attending directors unanimously.</td><td></td></tr>
<tr><td>Mar. 22, 2018
2018 Session 3</td><td>(1) Discussion on the company’s “Evaluation of Internal Control System Effectiveness” and “Internal Control System Statement” for 2017.
(2) Discussion on the company's 2017 annual employee compensation and the amount of directors' compensation and the method of issuance.
(3) Discussion on the company’s compilation of 2017 financial statements.
(4) The company's 2017 annual business report and financial statement discussion.
(5) Proposed the surplus distribution case for 2017.
(6) Proposed to issue cash through capital reserve
(7) Set up matters related to the holding of 2018 shareholders' meeting.
(8) Discussion on the shareholder's proposal rights of the shareholders' meeting in 2018.
(9) The personnel change of the company’s accounting executives.
(10) Proposed to enter into a contract for co-construction with Yi-chi Co., Ltd and Bi-chiang Co., Ltd.
(11) The relocation case of the company’s Taichung office.
(12) Amended certain sections of the Company's "Rules for the responsibilities of independent directors".
(13) Proposed to apply to the financial institution for the case of its renewal of commercial promissory</td><td>(1)The chairman consulted all attending directors, and the case was passed unanimously.
(2)All attending directors agreed to pass the case, and submitted to report at shareholders meeting.
(3)The chairman consulted all attending directors, and the case was unanimously.
(4)The chairman consulted all the attending directors and passed the case with no objection, and the audit report of the accountant's visa and the financial statements together with the business report are submitted to the shareholders' general meeting for recognition.
(5)The case was passed by all the attending directors unanimously.
(6)The case was passed by all the attending directors unanimously.
(7)The case was passed by all the attending directors unanimously.
(8)The case was passed by all the attending directors unanimously.
(9)The chairman consulted all attending directors, and the case was passed unanimously.
(10)This case involved three seats of directors of interested parties to avoid discussion, and the remaining four seats of directors passed the case with no objection.
(11)The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters.
(12)The case was passed by all the attending directors unanimously.
(13)The case was passed by all the attending directors unanimously.</td><td>No</td></tr>
</table>

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	notes due to the need of operational turnover. (14) Proposed to apply for a secured financing loan case from financial institutions. (15) Proposed to apply for a secured financing loan case from financial institutions.	(14)The case was passed by all the attending directors unanimously. (15)The case was passed by all the attending directors unanimously.	
April 30, 2018 2018 Session 4	(1) Completed the preliminary assessment of possible impacts by introducing International Financial Reporting Standard No. 16 "Leases" (hereinafter referred to as IFRS16) as scheduled. (2) Proposed to sell the 1F storefront and parking spaces of Taipei Times Square in Taipei. (3) Proposed to apply for a secured financing loan case from financial institutions. (4) Proposed to apply for a secured financing loan case from financial institutions.	(1) The case was passed by all the attending directors unanimously. (2) The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (3) The case was passed by all the attending directors unanimously. (4) The case was passed by all the attending directors unanimously.	No
May 11, 2018 2018 Session 5	(1)Compiled consolidated financial statements for the first quarter of 2018. (2) Consolidated financial report of the company for first quarter 2018. (3) Proposed to issue its first secured ordinary corporate bonds in 2018. (4) Proposed to apply for a guaranteed amount of ordinary corporate bonds from financial institutions. (5) Proposed to invest in the development of the land in the Damsui area of New Taipei City. (6) Proposed to apply for a secured financing loan case from financial institutions. (7) Proposed to apply to the financial institution for the case of issuing commercial promissory notes due to the need of operational turnover.	(1) The chairman consulted all the attending directors and passed the case with no objection, (2) The chairman consulted all the attending directors and passed the case with no objection, (3) The case was passed by all the attending directors unanimously. (4) The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (5) The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (6) The case was passed by all the attending directors unanimously. (7) The case was passed by all the attending directors unanimously.	No
May 29, 2018 2018 Session 6	(1) Proposed to invest in the development of the Qingxi section of Zhongli City, Taoyuan County. (2) Proposed to apply for a secured financing loan case from financial institutions.	(1)The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (2)The case was passed by all the attending directors unanimously.	No

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
June 8, 2018 2018 Session 7	(1) Proposed to sell the 7th floor plus some parking spaces of Taipei Times Square in Taipei. (2) Proposed to apply for a secured financing loan case from financial institutions. (3) Proposed to apply for a secured financing loan case from financial institutions. (4) Proposed to apply to the financial institution for the case of issuing commercial promissory notes due to the need of operational turnover.	(1)The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (2)The case was passed by all the attending directors unanimously. (3)The case was passed by all the attending directors unanimously. (4)The case was passed by all the attending directors unanimously.	No
June 20, 2018 2018 Session 8	(1) Proposed to apply to the financial institution for the case of its renewal of commercial promissory notes due to the need of operational turnover. (2) Proposed to apply to the financial institution for the case of issuing commercial promissory notes due to the need of operational turnover. (3) Proposed to apply for a secured financing loan case from financial institutions. (4) Proposed to apply for a secured financing loan case from financial institutions. (5) Proposed to sell the holding property of "Sen Xue Yuan B District".	(1)The case was passed by all the attending directors unanimously. (2)The case was passed by all the attending directors unanimously. (3)The case was passed by all the attending directors unanimously. (4)The case was passed by all the attending directors unanimously. (5)Except for independent directors who did not participate in the discussion and avoid voting in accordance with the law, the remaining five directors agreed to pass the case.	No
July 3, 2018 2018 Session 9	(1) Proposed to purchase the storefront of the first and second floors of Boai 2nd Road, Zuoying District, Kaohsiung City.	(1) The case was passed by all the attending directors unanimously.	No
July 18, 2018 2018 Session 10	(1) Proposed to invest in the land development of the auxiliary city center section of Xinzhuang District, New Taipei City. (2) Proposed to apply for a secured financing loan case from financial institutions. (3) Proposed to apply for a secured financing loan case from financial institutions.	(1)The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (2)The case was passed by all the attending directors unanimously. (3)The case was passed by all the attending directors unanimously.	No
Aug. 6, 2018 2018 Session 11	(1) Compiled consolidated financial statements for the second quarter of 2018. (2) Consolidated financial report of the company for second quarter 2018. (3) Set up relevant matters of the ex-dividend date of the company's cash dividend for 2018.	(1) The case was passed by all the attending directors unanimously. (2) The case was passed by all the attending directors unanimously. (3) The case was passed by all the attending directors unanimously.	No

<table>
<tr><th rowspan="2">Date/Session</th><th colspan="2">Meeting Record Contents</th><th rowspan="2">Special Items</th></tr>
<tr><th>Brief summary of the motion</th><th>Implementation</th></tr>
<tr><td></td><td>(4) In consideration of strategic development, the company proposed to sell the land of No. 891-2, Yuguang Section, Anping District, Tainan City, to “Run Long Construction Co., Ltd”.
(5) Proposed to sign the land construction case of the Ankang section of Neihu District, Taipei City.
(6) Proposed to invest in the development of the land of the new high-speed railway section in Wuri District, Taichung City.
(7) Proposed to apply to the financial institution for a medium-term working capital loan case.
(8) Proposed to apply to the financial institution for the case of its renewal of commercial promissory notes due to the need of operational turnover.
(9) Proposed to apply to the financial institution for the case of issuing commercial promissory notes due to the need of operational turnover.
(10) Proposed to continue to provide endorsement guarantee amount for the financial institution's application for financing extension to subsidiary company “Boyuan Construction Co., Ltd.”.
(11) Proposed to continue to provide endorsement guarantee amount for the financial institution's application for financing extension to subsidiary company “Boyuan Construction Co., Ltd.”.
(12) Proposed to continue to provide endorsement guarantee amount for the financial institution's application for financing extension to subsidiary company “Yuansheng International Industrial Co., Ltd.”.
(13) Proposed to continue to provide endorsement guarantee amount for the financial institution's application for financing extension to grandson company “Yuansheng International Industrial Co., Ltd.”, and submit for a resolution.</td><td>(4) Except for independent directors who did not participate in the discussion and avoid voting in accordance with the law, the remaining five directors agreed to pass the case.
(5) The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters.
(6) The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters.
(7) The case was passed by all the attending directors unanimously.
(8) The case was passed by all the attending directors unanimously.
(9) The case was passed by all the attending directors unanimously.
(10) The case was passed by all the attending directors unanimously.
(11) The case was passed by all the attending directors unanimously.
(12) The case was passed by all the attending directors unanimously.
(13) The case was passed by all the attending directors unanimously.</td><td></td></tr>
<tr><td>Sept. 7, 2018
2018 Session 12</td><td>(1) To meet business planning, the company proposed to sell “Jinjun Construction Co., Ltd.” to the related company “Runlong Construction Co., Ltd”.</td><td>(1) Except for independent directors who did not participate in the discussion and avoid voting in accordance with the law, the remaining five directors agreed to pass the case.</td><td>No</td></tr>
</table>

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	(2) Proposed to transfer part of the inventory to the real estate investment. (3) Proposed to apply to the financial institution for a medium-term working capital loan case. (4) Proposed to apply to the financial institution for a long-term working capital loan case. (5) Proposed to apply for a secured financing loan case from financial institutions. (6) Proposed to apply for a secured financing loan case from financial institutions. (7) Proposed to apply to the financial institution for the case of issuing commercial promissory notes due to the need of operational turnover.	(2) The case was passed by all the attending directors unanimously. (3) The case was passed by all the attending directors unanimously. (4) The case was passed by all the attending directors unanimously. (5) The case was passed by all the attending directors unanimously. (6) The case was passed by all the attending directors unanimously. (7) The case was passed by all the attending directors unanimously.	
Sept. 19, 2018 2018 Session 13	(1) Proposed to invest in the development of the land of Shanjie Section of Guishan District, Taoyuan City.	(1) The case was passed by all the attending directors unanimously, and authorized Vice PresidentLiao Zhaoxiong of Planning Dept. to handle follow-up related matters.	No
Oct. 8, 2018 2018 Session 14	(1) Proposed to invest in the development of the land of the Ankang section of Neihu District, Taipei City. (2) Proposed to apply for a secured financing loan case from financial institutions. (3) Proposed to apply for a secured financing loan case from financial institutions.	(1) The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (2) The case was passed by all the attending directors unanimously. (3) The case was passed by all the attending directors unanimously.	No
Nov. 1, 2018 2018 Session 15	(1) Proposed to invest in the development of the land of Huishun section of Xitun District, Taichung City. (2) Proposed to apply for a secured financing loan case from financial institutions. (3) Proposed to apply for a secured financing loan case from financial institutions. (4) Proposed to apply to the financial institution for a long-term working capital loan case.	(1) The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (2) The case was passed by all the attending directors unanimously. (3) The case was passed by all the attending directors unanimously (4) The case was passed by all the attending directors unanimously.	No
Nov. 13, 2108 2018 Session 16	(1) Compiled consolidated financial statements for the third quarter of 2018 (2) Consolidated financial report of the company for third quarter 2018.	(1)The case was passed by all the attending directors unanimously. (2)The case was passed by all the attending directors unanimously.	No

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	(3) Proposed to invest in the land development of Fenggong Section of Nanxun District, Taichung City. (4) Proposed to purchase a road land in Taichung City for the transfer of building capacity. (5) Proposed to invest in a new subsidiary case for business needs. (6) Proposed to continue to provide endorsement guarantee amount for the financial institution's application for financing extension to grandson company "Boyuan Construction Co., Ltd.	(3)The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (4)The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (5)The case was passed by all the attending directors unanimously. (6)The case was passed by all the attending directors unanimously.	
Dec. 25, 2018 2018 Session 17	(1) The company's audit project for 2019. (2) Proposed to apply for a secured financing loan case from financial institutions. (3) Proposed to apply for a secured financing loan case from financial institutions. (4) Proposed to apply to the financial institution for the case of issuing commercial promissory notes due to the need of operational turnover. (5) Proposed to apply to the financial institution for the case of issuing commercial promissory notes due to the need of operational turnover. (6) Proposed to apply for a secured financing loan case from financial institutions. (7) Proposed to continue to provide endorsement guarantee amount for the financial institution's application for financing extension to subsidiary company "QiyuConstruction Co., Ltd". (8) Proposed to apply for a secured financing loan case from financial institutions.	(1)The case was passed by all the attending directors unanimously. (2)The case was passed by all the attending directors unanimously. (3)The case was passed by all the attending directors unanimously. (4)The case was passed by all the attending directors unanimously. (5)The case was passed by all the attending directors unanimously. (6)The case was passed by all the attending directors unanimously. (7)The case was passed by all the attending directors unanimously. (8)The case was passed by all the attending directors unanimously.	No
Jan. 29, 2019 2019 Session 1	(1) Proposed to invest in the land development of Hui'an section of Xitun District, Taichung City.	(1)The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters.	No
Feb. 26, 2019 2019 Session 2	(1) Proposed to apply to the financial institution for the case of issuing commercial promissory notes due to the need of operational turnover. (2) Proposed to apply to the financial institution for the case of issuing commercial promissory notes due to	(1)The case was passed by all the attending directors unanimously. (2)The case was passed by all the attending directors unanimously.	No

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	the need of operational turnover. (3) Proposed to apply to the financial institution for the case of issuing commercial promissory notes due to the need of operational turnover. (4) Proposed to apply for a secured financing loan case from financial institutions. (5) Proposed to apply for a secured financing loan case from financial institutions. (6) Proposed to apply for a secured financing loan case from financial institutions. (7) Proposed to continue to provide endorsement guarantee amount for the financial institution's application for financing extension to subsidiary company “Qiyu Construction Co., Ltd”. (8) (8) Proposed to continue to provide endorsement guarantee amount for the financial institution's application for financing extension to grandson company “Boyuan Construction Co., Ltd.	(3)The case was passed by all the attending directors unanimously. (4)The case was passed by all the attending directors unanimously. (5)The case was passed by all the attending directors unanimously. (6)The case was passed by all the attending directors unanimously. (7)The case was passed by all the attending directors unanimously. (8)The case was passed by all the attending directors unanimously.	
Mar. 7, 2019 2019 Session 3	(1) Proposed to invest in the land development of the Chang'an section of the Zhongshan District, Taipei.	(1)The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters.	No
Mar. 19, 2019 2019 Session 4	(1) Discussion on the company’s “Evaluation of Internal Control System Effectiveness” and “Internal Control System Statement” for 2017. (2) Discussion on the company's 2018 annual employee compensation and the amount of directors' compensation and the method of issuance. (3) Discussion on consolidated financial statements for 2018. (4) Discussion on annual business report and financial statements for 2018. (5) Proposed earnings distribution for 2018. (6) Amended certain sections of the Company Articles. (7) Revised certain parts of the Company Articles on “obtain or	(1)The case was passed by all the attending directors unanimously. (2)The case was passed by all the attending directors unanimously and report to the shareholder’s meeting. (3)The case was passed by all the attending directors unanimously. (4)The case was passed by all the attending directors unanimously. The audit report of the accountant's visa and the financial statements together with the business report are submitted to the shareholders' meeting for recognition (5)The case was passed by all the attending directors unanimously. (6)The case was passed by all the attending directors unanimously. (7)The case was passed by all the attending directors unanimously.	No

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	dispose of asset handling procedures”. (8) Revised certain parts of the Company Articles on “endorsement guarantee operation procedure”. (9) Revised certain parts of the Company Articles on “fund loan to others and operating procedures’. (10) Revised certain parts of the Company Articles on “corporate governance code of practice”. (11) Set up standard operating procedures required by handling directors (12) Purchased the liability insurance for directors of the company in 2019. (13) Mapped out a case on the governance of corporate executives. (14) Proposed to subscribe to the cash increase case of its subsidiary Qiyu Construction Co., Ltd. (15) Discussion on the matters related to the holding of shareholders' meeting of 2019. (16) Discussion on the shareholder's proposal rights of the shareholders' meeting in 2019.	(8)The case was passed by all the attending directors unanimously. (9)The case was passed by all the attending directors unanimously. (10)The case was passed by all the attending directors unanimously. (11)The case was passed by all the attending directors unanimously. (12)The case was passed by all the attending directors unanimously. (13)The case was passed by all the attending directors unanimously. (14)The case was passed by all the attending directors unanimously, and authorized the chairman to handle follow-up related matters. (15)The case was passed by all the attending directors unanimously. (16)The case was passed by all the attending directors unanimously.	

(12) In most recent year and as of the end of this annual report is printed out, director or supervisor has different opinions on the board of directors to pass important resolutions and has a record or written statement: None.

(13) In most recent year and as of the end of this annual report is printed out, the resignation summary of the company's chairman, president, accounting, financial, internal audit, and R&D executives:

March 31, 2019

Title	Name	Service Date	Dismissed Date	Resignation or Dismisssed Reason
Associate Manager Accounting Dept.	Hong Ruizhu	1998/3	2018/3	Personal career planning

5. Accountant Public Fee Information

Accountant Public Fee Information Level

Accounting firm name	Accountant name		Check period	Remarks
KPMG Taiwan	Jian Dinuan	Zeng Guoyan	107.01-107.12 2018 January-2018 December	No

Note: If the company changes its accountant or accounting firm this year, please indicate its check period separately and explain in the remarks column, and reason for the replacement.

Amount Unit: NT$ Thousand

Public Fee Item / Amount Level		Audit Public Fee	Non-audit Public Fee(Note)	Total
1	Below NT$2,000,000		✓	
2	NT$2,000,000 (Included) ～ NT$4,000,000	✓		✓
3	NT$4,000,000 (Included) ～ NT$6,000,000			
4	NT$6,000,000 (Included) ～ NT$8,000,000			
5	NT$8,000,000 (Included) ～ NT$10,000,000			
6	Over NT$10,000,000			

Note: Non-audit public service content: project review, business registration, etc.

(1) Non-audit public fees are more than one quarter of the audit public fees: None.

(2) The auditing public fee paid for the replacement of the accounting firm and the replacement year is lower than the auditing public fee for the previous year of replacement: None.

(3) The audit public fee is reduced by more than 15% compared with the previous year: None.

(4) The amount and nature of other non-audit public fees paid to the same visa accountant and its affiliated accounting firm:
i. Non-audit public fee nature: business registration and others.
ii. Non-audited public fee: NT$77,000.

6. Accountant Replacement Information: None.

7. The company's chairman, president, manager of financial or accounting affairs, has worked in the accountant's affiliated firm or its related business in the past year: None.

8. In most recent year and as of the end of this annual report is printed out, the directors, supervisors, managers and shareholders holding more than 10% of the equity transfer and equity pledge changes

(1) Changes in shareholdings of directors, supervisors, managers and major shareholders:

Unit: Share

Title	Name	2018		As of April 12, 2019	
		Number of shares held Increase (minus)	Pledged shares Increase (minus)	Number of shares held Increase (minus)	Pledged shares Increase (minus)
Corporate Director	Lishuo Investment Co., Ltd	(25,000,000)	—	—	—
Chairman	Zheng Zhilong	—	—	—	—
Currently Chairman & President	Fan Huajun	—	—	—	—
Director	Zheng Qintian	—	—	—	—
Director	Zheng Xiuhui	—	—	—	—
Independent Director	Hong Xiyao	—	—	—	—
Independent Director	Li Wencheng	—	—	—	—
Independent Director	Yan Yunqi	—	—	—	—
Development Dept. Vice President	Liao Zhaoxiong	—	—	—	—
Kaohsiung Branch Vice President	Cao Yuanbo	—	—	—	—
Finance Dept. Vice President	Wang Suyue	—	—	—	—
Planning Dept. Associate Manager	Song Guozong	—	—	—	—
Sales Dept. Associate Manager	Chen Qiuwei	—	—	—	—
Accounting Dept. Associate Manager (Note 1)	Hong Ruizhu	—	—	—	—
Accounting Dept. Associate Manager (Note 2)	Li Xiutai	—	—	—	—
Kaohsiung Branch Finance Dept. Manager	Chen Qiulan	22,000	—	—	—

Note 1: Dismissed on March 31, 2018.
Note 2: Served on April 1, 2018.

(2) Information on the relatives of directors, supervisors, managers and major shareholders' equity transfer is related: None.

(3) Information on the relatives of directors, supervisors, managers and major shareholders' equity pledges is related: None.

9. Information of shareholders who hold the top ten shareholdings, who are related to each other or relatives within the relationship of spouse, and second degree kinship, etc.

Shareholders who account for the top ten shareholder, and their relationship with each other

April 12, 2019 Unit: Share %

Name (Note 1)	Personal Holding Share		Spouse, underage children holding shares		Holding shares in the name of others		Names and relationships of the top ten shareholders who have a relationship with each other or are relatives of a spouse or a second degree kinship. (Note 3)		Remarks
	Shares	Holding shares ratio (Note 2)	Shares	Holding shares ratio (Note 2)	Shares	Holding shares ratio (Note 2)	Name	Relations	
Xing Ri-sheng Investment Co., Ltd. Representative：Zheng Xiuhui	86,328,590	7.40	0	0	0	0	Zheng Qintian	Spouse	
							Zheng Junfang	Mother & Child	
							XieShuying	2nd Degree Kinship	
							Zheng Yousheng	2nd Degree Kinship	
							Cai Congbin	2nd Degree Kinship	
Era Winner Investment Co., Ltd Representative：Huang Qingshui	71,762,628	6.15	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	
Wu Chaohong	62,643,000	5.37	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	
Da-Li Investment Co., Ltd Representative：Cai Congbin	53,076,723	4.55	0	0	0	0	Zheng Qintian	2nd Degree Kinship	
							Zheng Xiuhui	2nd Degree Kinship	
							Zheng Junfang	2nd Degree Kinship	
							Zheng Yousheng	2nd Degree Kinship	
							XieShuying	2nd Degree Kinship	

Name (Note 1)	Personal Holding Share		Spouse, underage children holding shares		Holding shares in the name of others		Names and relationships of the top ten shareholders who have a relationship with each other or are relatives of a spouse or a second degree kinship. (Note 3)		Remarks
	Shares	Holding shares ratio (Note 2)	Shares	Holding shares ratio (Note 2)	Shares	Holding shares ratio (Note 2)	Name	Relations	
Wan Shengfa Investment Co., Ltd Representative：Zheng Yousheng	42,426,039	3.64	0	0	0	0	XieShuying	Spouse	
							Zheng Qintian	2nd Degree Kinship	
							Zheng Xiuhui	2nd Degree Kinship	
							Zheng Junfang	2nd Degree Kinship	
							Cai Congbin	2nd Degree Kinship	
Qingshiban Investment Co., Ltd. LOTUS GLOBAL INVESTMENTS LTD：Representative: Zheng Junfang	37,113,800	3.18	0	0	0	0	Zheng Qintian	Father & Child	
							Zheng Xiuhui	Mother & Child	
							XieShuying	2nd Degree Kinship	
							Zheng Yousheng	2nd Degree Kinship	
							Cai Congbin	2nd Degree Kinship	
Lishuo Investment Co., Ltd Representative：XieShuying	29,244,429	2.51	0	0	0	0	Zheng Yousheng	Spouse	
							Zheng Qintian	2nd Degree Kinship	
							Zheng Xiuhui	2nd Degree Kinship	
							Zheng Junfang	2nd Degree Kinship	
							Cai Congbin	2nd Degree Kinship	
Zheng Qintian	26,611,304	2.28	8,151,512	0.7	0	0	Zheng Xiuhui	Spouse	
							Zheng Junfang	Father & Child	
							XieShuying	2nd Degree Kinship	
							Zheng Yousheng	2nd Degree Kinship	
							Cai Congbin	2nd Degree Kinship	

<table>
<tr><th rowspan="2">Name (Note 1)</th><th colspan="2">Personal Holding Share</th><th colspan="2">Spouse, underage children holding shares</th><th colspan="2">Holding shares in the name of others</th><th colspan="2">Names and relationships of the top ten shareholders who have a relationship with each other or are relatives of a spouse or a second degree kinship. (Note 3)</th><th rowspan="2">Remarks</th></tr>
<tr><th>Shares</th><th>Holding shares ratio (Note 2)</th><th>Shares</th><th>Holding shares ratio (Note 2)</th><th>Shares</th><th>Holding shares ratio (Note 2)</th><th>Name</th><th>Relations</th></tr>
<tr><td rowspan="5">Runying Investment Co., Ltd. Representative：Zheng Xiuhui</td><td rowspan="5">25,612,992</td><td rowspan="5">2.20</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">0</td><td>Zheng Qintian</td><td>Spouse</td><td rowspan="5"></td></tr>
<tr><td>Zheng Junfang</td><td>Mother & Child</td></tr>
<tr><td>XieShuying</td><td>2nd Degree Kinship</td></tr>
<tr><td>Zheng Yousheng</td><td>2nd Degree Kinship</td></tr>
<tr><td>Cai Congbin</td><td>2nd Degree Kinship</td></tr>
<tr><td>Chang Gung Medical Foundation</td><td>17,617,850</td><td>1.51</td><td>Note 4</td><td>Note 4</td><td>Note 4</td><td>Note 4</td><td>Noote 4</td><td>Note 4</td><td></td></tr>
</table>

Note 1: All the top ten shareholders should be listed. Those who are legal person shareholders should list the name of the legal person shareholder and the name of the representative separately.
Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in the name of oneself, the spouse, the minor child or the use of another person.
Note 3: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship with each other in accordance with the issuer's financial reporting standards.
Note 4: The shareholder is not an insider declared by the company, so the relevant materials of his spouse, minor children or holding shares in the name of others cannot be obtained.

10. The number of shares held by the company, the company's directors, supervisors, managers and the company directly or indirectly controlled by the company in the same investment business, and combined to calculate the comprehensive shareholding ratio

Comprehensive shareholding ratio

March 31, 2019 Unit: Share %

Reinvested Business	Invested by the company		Directors, supervisors, managers and investments directly or indirectly controlling the business		Comprehensive investment	
	Shares	Holding shares ratio	Shares	Holding shares ratio	Shares	Holding shares ratio
Jufeng Hotel Management Co., Ltd.	1,200,000	100%	0	0%	1,200,000	100%
Highwealth Property Management Co., Ltd	2,500,000	100%	0	0%	2,500,000	100%
Qiyu Construction Co., Ltd	55,000,000	100%	0	0%	55,000,000	100%
Run Long Construction Co., Ltd	11,098,000	3.60%	32,970,525	10.69%	44,068,525	14.29%
Jinjung Construction Co., Ltd	50,000,000	100%	0	0%	10,000,000	100%
Yi-chi Co., Ltd	2,200,000	100%	0	0%	2,200,000	100%
Bi-chiang Co., Ltd	7,200	100%	0	0%	7,200	100%
Xingfuyu Trading (Xiamen) Co., Ltd	0	100%	0	0%	0	100%
Quanxiang Trading (Shanghai) Co., Ltd	0	100%	0	0%	0	100%
Highwealth Construction Corp.	500,000	100%	0	0%	500,000	100%
Boyuan Construction Co., Ltd	0	0%	73,700,000	100%	73,700,000	100%
Guangyang Investment Co., Ltd	0	0%	29,900,000	100%	29,900,000	100%
Yuan Sheng International Co., Ltd	0	0%	8,100,000	100%	8,100,000	100%

IV. Capital Overview

1. Capital and Shares

(1) Source of Share Capital

i. Types of stocks:

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common stock	1,166,628,752	333,371,248	1,500,000,000	Listed company stock

Note: The above shares include conversion from convertible bonds, the amount of which has not yet been reflected in authorized capital registration.

ii. Source of share capital as of date of publishing:

As of April 30, 2019, **Units:** share / NT$ dollar

Month/ Year	Par value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital (Amounts in NT$)	Non-cash Capital Increase	Others
2005/11	10	360,000,000	3,600,000,000	301,732,767	3,017,327,670	Earnings 159,616,880 APIC 217,598,800 [1]	Nil	Nil
2006/01	10	360,000,000	3,600,000,000	302,037,669	3,020,376,690	CB conversion 3,049,020 [2]	Nil	Nil
2006/04	10	360,000,000	3,600,000,000	303,590,764	3,035,907,640	CB conversion 15,530,950 [3]	Nil	Nil
2006/07	10	600,000,000	6,000,000,000	363,831,994	3,638,319,940	CB conversion 29,585,190 Earnings 514,031,470 APIC 58,795,640 [4]	Nil	Nil
2006/10	10	600,000,000	6,000,000,000	364,906,040	3,649,060,400	CB conversion 10,740,460 [5]	Nil	Nil
2007/01	10	600,000,000	6,000,000,000	386,324,915	3,863,249,150	CB conversion 214,188,750 [6]	Nil	Nil
2007/04	10	600,000,000	6,000,000,000	388,294,393	3,882,943,930	CB conversion 19,694,780 [7]	Nil	Nil
2007/07	10	600,000,000	6,000,000,000	389,164,492	3,891,644,920	CB conversion 8,700,990 [8]	Nil	Nil
2007/08	10	1,000,000,000	10,000,000,000	551,431,968	5,514,319,680	Earnings 1,531,904,000 APIC 90,770,760 [9]	Nil	Nil
2007/10	10	1,000,000,000	10,000,000,000	552,536,381	5,525,363,810	CB conversion 11,044,130 [8]	Nil	Nil
2008/01	10	1,000,000,000	10,000,000,000	553,039,549	5,530,395,490	CB conversion 5,031,680 [8]	Nil	Nil
2008/04	10	1,000,000,000	10,000,000,000	554,277,070	5,542,770,700	CB conversion 12,375,210 [8]	Nil	Nil
2008/07	10	1,000,000,000	10,000,000,000	554,621,583	5,546,215,830	CB conversion 3,445,130 [8]	Nil	Nil
2008/08	10	1,000,000,000	10,000,000,000	589,250,283	5,892,502,830	Earnings 307,466,000 APIC 38,821,000 [10]	Nil	Nil
2008/10	10	1,000,000,000	10,000,000,000	589,431,606	5,894,316,060	CB conversion 1,813,230 [8]	Nil	Nil
2009/07	10	1,000,000,000	10,000,000,000	639,810,879	6,398,108,790	CB conversion 503,792,730 [8]	Nil	Nil
2009/08	10	1,000,000,000	10,000,000,000	669,722,810	6,697,228,100	Earnings 276,116,310 APIC 23,003,000 [11]	Nil	Nil
2010/01	10	1,000,000,000	10,000,000,000	670,327,355	6,703,273,550	CB conversion 6,045,450 [12]	Nil	Nil
2010/04	10	1,000,000,000	10,000,000,000	698,934,702	6,989,347,020	CB conversion 286,073,470 [13]	Nil	Nil
2010/07	10	1,000,000,000	10,000,000,000	701,527,154	7,015,271,540	CB conversion 25,924,520 [13]	Nil	Nil
2010/10	10	1,000,000,000	10,000,000,000	706,870,904	7,068,709,040	CB conversion 53,437,500 [13]	Nil	Nil
2011/01	10	1,000,000,000	10,000,000,000	712,234,843	7,122,348,430	CB conversion 53,639,390 [13]	Nil	Nil
2011/04	10	1,000,000,000	10,000,000,000	719,499,482	7,194,994,820	CB conversion 72,646,390 [13]	Nil	Nil
2011/06	10	1,000,000,000	10,000,000,000	724,876,108	7,248,761,080	CB conversion 53,766,260 [13]	Nil	Nil
2011/10	10	1,000,000,000	10,000,000,000	729,711,055	7,297,110,550	CB conversion 48,349,470 [13]	Nil	Nil
2011/12	10	1,000,000,000	10,000,000,000	728,016,778	7,280,167,780	Treasury stock - 214,620,000 CB conversion 197,677,230 [13]	Nil	Nil
2012/04	10	1,000,000,000	10,000,000,000	732,161,027	7,321,610,270	CB conversion 41,442,490 [13]	Nil	Nil
2012/07	10	1,000,000,000	10,000,000,000	747,870,073	7,478,700,730	CB conversion 15,709,046 [13]	Nil	Nil
2012/07	10	1,000,000,000	10,000,000,000	598,270,073	5,982,700,730	Cash withdrawal - 1,496,000,000 [14]	Nil	Nil
2014/09	10	1,500,000,000	15,000,000,000	897,405,110	8,974,051,100	Earnings 2,991,350,370 [15]	Nil	Nil
2015/09	10	1,500,000,000	15,000,000,000	1,166,626,643	11,666,266,430	Earnings 2,692,215,330 [16]	Nil	Nil
2019/04	10	1,500,000,000	15,000,000,000	1,166,628,752	11,666,287,520	CB conversion 21,090 [17]	Nil	Nil

Notes:

1. Approved by FSC on June 28, 2005. (ref. FSC document No. 0940125900)

2-3. Approved by FSC on Sept. 15, 2005. (ref. FSC document No. 0940135371)

4. See 2. Approved by FSC on May 26, 2006. (ref. FSC document No. 0950121590)

5-7. See 2.

7. Approved by FSC on June 13, 2006. (ref. FSC document No. 0950002841)

8. Approved by FSC on June 13, 2006. (ref. FSC document No. 0950002841)

9. Approved by FSC on July 10, 2007. (ref. FSC document No. 0960035526)

10. Approved by FSC on July 9, 2008. (ref. FSC document No. 0970034417)

11. Approved by FSC on June 26, 2009. (ref. FSC D&I Center No. 0970034417)

12. Approved by FSC on April 9, 2008. (ref. FSC document No. 0970011133)

13. See 12. Approved by FSC on April 16, 2009. (ref. FSC document No. 0980014192)

14. Approved by FSC on July 23, 2012. (ref. FSC document No. 1010031538)

15. Approved by FSC on Aug. 5, 2014. (ref. FSC D&I Center No. 1030029588)

16. Approved by FSC on Sept. 3, 2015. (ref. FSC D&I Center No. 1040036020)

17. Not yet reflected in authorized capital registration.

iii. Summary reporting system related information: Not applicable.

(2) Status of Shareholders

As of April 12, 2019

Type Item	Government Agencies	Financial Institutions	Other Juridicial Persons	Domestic Natural Persons	Foreign Institutions or Persons	Total
Shareholders	4	19	156	53,692	477	54,348
Shares[fn 1]	459,008	18,364,486	439,831,821	428,885,537	279,087,900	1,166,628,752
Percentage	0.05%	1.57%	37.70%	36.76%	23.92%	100.00%

Notes:

1. The above shares include conversion from convertible bonds, the amount of which has not yet been reflected in authorized capital registration.

(3) Shareholding Distribution Status

i. Common shares dispersion:

COMMON SHARES As of April 12, 2019

Shareholding Tiers (Unit: Share)	Number of Shareholders	Shares	Percentage
1 ～ 999	8,441	2,749,759	0.24%
1,000 ～ 5,000	33,986	73,702,102	6.32%
5,001 ～ 10,000	5,818	45,287,400	3.88%
10,001 ～ 15,000	1,853	23,261,959	1.99%
15,001 ～ 20,000	1,360	24,525,7799	2.10%
20,001 ～ 30,000	1,006	25,299,350	2.17%
30,001 ～ 40,000	504	17,733,641	1.52%
40,001 ～ 50,000	318	14,630,984	1.25%
50,001 ～ 100,000	522	36,623,791	3.14%
100,001 ～ 200,000	243	34,013,200	2.92%
200,001 ～ 400,000	123	33,753,695	2.89%
400,001 ～ 600,000	47	23,227,528	1.99%
600,001 ～ 800,000	25	16,863,541	1.45%
800,001 ～ 1,000,000	12	10,693,149	0.92%
≥ 1,000,001	90	784,262,854	67.22%
Total	54,348	1,166,628,752	100.00%

Note: The above shares include conversion from convertible bonds, the amount of which has not yet been reflected in authorized capital registration.

ii. Preferred shares dispersion: Not applicable.

(4) Major Shareholders (Only shareholders with 5% holding or above are listed.)

Shares / Name	Shares	Percentage
Highwealth Investment Co.	86,328,590	7.40%
Shihdaiyingjia Investment Co.	71,762,628	6.15%
Chao-hong Wu	62,643,000	5.37%

Note: The above figures reflect our shareholding records as of April 12, 2019.

(5) Market Price, Net Worth, Earnings, and Dividends per Share for the Past 2 Years

Unit: NT$ dollar

Year / Item			2017	2018	2019 (as of March 31)
Market price per share	Max		55.00	50.30	50.80
	Min		38.60	41.25	44.50
	Average		46.82	45.84	47.91
Net worth per share	Before distribution		26.31	29.30	[note 5]
	After distribution		22.81	[note 1]	–
Earnings per share	Weighted average shares ('000)		1,139,975	1,139,975	[note 5]
	EPS	Pre-adjustment	1.69	6.01	[note 5]
		Post-adjustment [note 1]	1.69	5.28	
Dividend per share	Cash dividend		3.5	3.5	–
	Stock bonus	From earnings	–	–	–
		From APIC	–	–	–
	Accrued dividend		–	–	–
Profitability	Price / earning ratio [note 2]		27.70	7.63	–
	Price / dividend ratio [note 3]		13.38	[note 1]	–
	Cash dividend yield [note 4]		7.48%	[note 1]	–

Notes:

1. The 2019 annual shareholders' meeting has yet to be convened to determine dividend distribution.
2. Price / earnings ratio = average closing price per share for the year / earnings per share.
3. Price / dividend ratio = average closing price per share for the year / cash dividend per share.
4. Cash dividend yield rate = cash dividend per share / average closing price per share for the year.
5. As of the annual report publication date, the quarterly report for Q1 2019 has not been produced.

(6) Dividend Policy and Implementation Status

i. Dividend policy:

If a net profit is reported for the year, after paying taxes and making up for the accumulated loss, 10% will be allocated as the statutory reserve or special reserve. However, if the statutory reserve has reached the paid-in capital amount of the Company, no further allocation will be made. The surplus, if any, will be added to the beginning balance of undistributed surplus to calculate current distributable surplus. Distribution of said surplus shall be proposed by the Board of Directors and passed at the Shareholders' meeting. The cash portion of shareholder dividend shall be no less than 10% of the shareholder allocation.

ii. Proposed dividend distribution:

The proposed distribution of 2018 profits were passed at the Board of Directors' meeting on March 19, 2019. A cash dividend of NT$3.5 per share was proposed and will be discussed at the annual shareholders' meeting on June 10, 2019.

iii. Significant changes to dividend policy: None.

(7) Impact of Proposed Bonus Shares on Operating Performance and EPS

A cash dividend of 2018 earnings was proposed at the Board of Directors meeting on March 19, 2019. No bonus shares will be issued.

(8) Employee Bonus and Directors' and Supervisors' Remuneration

i. Information related to employee bonus and directors' and supervisors' remuneration in the Articles of Incorporation:

If there is profit for the year, the Company shall pay an employee bonus of no less than 1‰ and directors' and supervisors' remuneration of no more than 1% of EBT. The aforementioned bonus and remuneration shall be distributed following the approval of the Board of Directors and reported to the shareholders' meeting. However, if there is still a cumulative loss, an amount equivalent to the loss shall be retained. If said bonus and remuneration are in the form of a stock bonus, it may also be distributed to qualified employees of our subsidiary companies.

The Company shall take into account the current and future development plans, the changing economic climate, investment environment, and capital needs and when determining the distribution of bonuses and remuneration. Our ultimate goal is to ensure the stability and growth of our earnings, and we will examine the operating performance of the prior year before arriving at the best method of profit distribution.

ii. The basis for the estimation of the amount of bonus of employees, directors, and supervisors in the current period, and the accounting treatment if there is a difference between the estimated amount and the actual bonus paid in shares or cash:

If there is a discrepancy between the estimated number and the actual amount in the resolution of the Board of Directors, it shall be recognized as profit or loss from changes in accounting estimates in the following fiscal year.

iii. Bonus distribution as decided by the Board of Directors' meeting:

(1) Accounting disclosures, treatments, and explanations in the event of a discrepancy between the estimated amount and the actual bonus paid in shares or cash to employees, directors, and supervisors:

A proposed cash bonus NT$ 48 million for employees and a remuneration of NT$12 million were passed at the Board of Directors' meeting on March 19, 2019. If there is a discrepancy between the estimate and the actual amount paid, the difference will be recognized as profit or loss from changes in accounting estimates in the next fiscal year.

(2) Employee bonus paid in shares as a percentage of the total amount of the current net profit after tax and the total employee bonus as reported in the consolidated or individual financial statements:

On March 19, 2019, the Board of Directors' meeting has determined that there will be no stock dividend distribution.

iv. Actual distribution of bonus and remuneration (including distributed cash, shares, and share prices) in the prior year, and the accounting disclosures, treatments and explanations if a discrepancy exists:

Item	FY 2017		
	Actual Amount Paid	Estimated Amount	Diff.
Employee cash bonus	NT$ 27,000,000	NT$ 27,000,000	0
Employee stock bonus	0	0	0
Director & Supervisor remuneration	NT$ 8,400,000	NT$ 8,400,000	0

(9) Buyback of Treasury Stock: None.

2. Corporate Bonds

(1) Status of Outstanding Corporate Bonds

As of March 31, 2019

Type of Bond		**2016-1 Secured Ordinary Corporate Bond** (CUSIP: B86401; Code name: P05 Highwealth1)	**2016-2 Secured Ordinary Corporate Bond** (CUSIP: B86402; Code name: P05 Highwealth2)	**2016-3 Secured Ordinary Corporate Bond** (CUSIP: B86403; Code name: P05 Highwealth3)	**2018-1 Secured Ordinary Corporate Bond** (CUSIP: B86404; Code name: P07 Highwealth1)
Date of issuance		Apr. 12, 2016	Apr. 12, 2016	Nov. 29, 2016	May 28, 2018
Face Value		NT$ 1 million	NT$ 1 million	NT$ 1 million	NT$ 1 million
Place of issuance		N/A	N/A	N/A	N/A
Issuing price		At face value	At face value	At face value	At face value
Total amount		NT$ 3 billion in total	NT$ 2 billion in total	NT$ 2 billion in total	NT$ 2.5 billion in total
Interest rate		Coupon rate: fixed rate at 1.15% per annum	Coupon rate: fixed rate at 1.15% per annum	Coupon rate: fixed rate at 1% per annum	Coupon rate: fixed rate at 0.9% per annum
Duration		5 years, maturity: Apr. 12, 2021	5 years, maturity: Apr. 12, 2021	5 years, maturity: Nov. 29, 2021	5 years, maturity: May 28, 2023
Assurance agency		Taiwan Cooperative Bank Co., Ltd.	Mega International Bank Co., Ltd.	Taiwan Business Bank Co., Ltd.	Land Bank of Taiwan Co., Ltd.
Trsutee		Land Bank of Taiwan Co., Ltd.	Land Bank of Taiwan Co., Ltd.	Land Bank of Taiwan Co., Ltd.	JihSun International Bank Co., Ltd.
Underwriter		Taiwan Cooperative Securities Co., Ltd.	Capital Securities Co., Ltd.	Land Bank of Taiwan Co., Ltd.	Land Bank of Taiwan Co., Ltd.
Certifying attorney		Ya-wen Chiu, attorney	Ya-wen Chiu, attorney	Zhong-jie Wei, attorney	Zhong-jie Wei, attorney
Certifying accountant		Chia-hsiu Chen, Shi-chin Chi, CPA	Chia-hsiu Chen, Shi-chin Chi, CPA	Chia-hsiu Chen, Shi-chin Chi, CPA	Di-nuang Jian, Gou-yang Tseng, CPA
Repayment method		Bullet repayment at maturity	Bullet repayment at maturity	Bullet repayment at maturity	Bullet repayment at maturity
Outstanding principal amount		NT$ 3 billion	NT$ 2 billion	NT$ 2 billion	NT$ 2.5 billion
Terms of redemption or early repayment		N/A	N/A	N/A	N/A
Restrictions		None	None	None	None
Credit rating agency, assessment date and results		N/A	N/A	N/A	N/A
Secondary rights	Amount of conversion (exchange or subscripton) to ordinary shares, oversea depositary receipts, or other securities	N/A	N/A	N/A	N/A
	Issuing and conversion (or exchange or subscription) method	Please refer to the prospectus of 2016-1 Secured Ordinary Corporate Bond	Please refer to the prospectus of 2016-2 Secured Ordinary Corporate Bond	Please refer to the prospectus of 2016-3 Secured Ordinary Corporate Bond	Please refer to the prospectus of 2018-1 Secured Ordinary Corporate Bond

Type of Bond	**2016-1 Secured Ordinary Corporate Bond** (CUSIP: B86401; Code name: P05 Highwealth1)	**2016-2 Secured Ordinary Corporate Bond** (CUSIP: B86402; Code name: P05 Highwealth2)	**2016-3 Secured Ordinary Corporate Bond** (CUSIP: B86403; Code name: P05 Highwealth3)	**2018-1 Secured Ordinary Corporate Bond** (CUSIP: B86404; Code name: P07 Highwealth1)
Potential impact of issuance, conversion, exchange, subscription, or issuing method and conditions on the dilution of equity and existing shareholders' rights	Please refer to the prospectus of 2016-1 Secured Ordinary Corporate Bond	Please refer to the prospectus of 2016-2 Secured Ordinary Corporate Bond	Please refer to the prospectus of 2016-3 Secured Ordinary Corporate Bond	Please refer to the prospectus of 2018-1 Secured Ordinary Corporate Bond
Custodian of the target(s) of conversion	N/A	N/A	N/A	N/A

(2) Information on Corporate Bonds Matuing Within 1 Year: None.

(3) Status of Outstanding Convertible Corporate Bonds

As of March 31, 2019

Type of Bond	Domestic Convertible Corporate Bond No. 5 (CUSIP: 25425)
Date of Issuance	June 8, 2017
Face Value	NT$ 100,000
Place of Issuance	Domestic
Issuing Price	0.2% above face value
Total Amount	NT$ 10.02 billion
Interest Rate	0%
Duration	Five years, maturity date: June 8, 2022
Assurance Agency	**9 Banks:** Taiwan Cooperative Bank Co., Ltd.; Mega International Bank Co., Ltd.; National Agricultural Bank of Taiwan Co., Ltd.; Chang Hua Commercial Bank Co., Ltd.; Taiwan Business Bank Co., Ltd.; JihSun International Commercial Bank Co., Ltd.; Taichung Commercial Bank Co., Ltd.; Bank of Kaohsiung Co., Ltd.; and DBS Bank (Taiwan), Ltd.
Trustee	Land Bank of Taiwan Co., Ltd.
Underwriter	Fubon Securities Co., Ltd.
Certifying Attorney	Yi-cheng Peng, attorney, Handsome Attorneys-at-law Office
Certifying Accountant	Di-nuang Jian, CPA, and Gou-yang Tseng, CPA, KPMG Taiwan
Repayment Method	Pursuant to the Covenant of Issuance and Conversion of Convertible Corporate Bonds, a bullet repayment including the principal and interests shall be made at maturity if none of the following situations occur: conversion into the Company's common shares according to Article 10, early redemption or buyback through securities traders according to Article 18, or bondholders' selling of bonds prior to maturity according to Article 19.
Outstanding Amuont	NT$ 10 billion

Type of Bond		Domestic Convertible Corporate Bond No. 5 (CUSIP: 25425)
Terms of Redemption or Early Repayment		Please refer to the issuing and conversion method.
Restrictions		Please refer to the issuing and conversion method.
Credit Rating Agency, Assessment Date and Results		None.
Secondary Rights	Amount of conversion (exchange or subscripton) to ordinary shares, oversea depositary receipts, or other securities	None.
	Issuing and conversion (or exchange or subscription) method	Please refer to the issuing and conversion method.
Potential dilution of equity and possible impact on existing shareholders' rights		In the event of complete conversion into common shares at the NT$ 47.4 exchange price, a maximum of 210,970,000 shares will be issued. The dilution effect on existing shareholders is estimated at 15.31%.
Custodian of the target(s) of conversion		Not applicable.

3. Preferred Shares: None.

4. Overseas Depository Receipts: None.

5. Employee Stock Options and New Restricted Employee Shares: None.

6.New Shares Issuance in Connection with Merger and Acquisition: None.

7. Financial Plans and Implementation

(1) Financial Plans

Public issuance or private placement of securities that have not yet been implemented, or that have been implemented but not yet attained a significant outcome, as of the last quarter before publishing date: None.

(2) Implementation

As of the last quarter before publishing date, there were no plans of private placement. All plans of securities issuance had been carried out and attained significant outcomes.

i. On April 12, 2016, the Company issued the 2016-1 secured ordinary corporate bond in the amount of NT$ 3 billion to repay bank loans. The funding was completed with significant outcomes and the full amount was used to pay back bank loans in Q2, 2016.

ii. On April 12, 2016, the Company issued the 2016-2 secured ordinary corporate bond in the amount of NT$ 2 billion to repay bank loans. The funding was completed with significant outcomes and the full amount was used to pay back bank loans in Q2, 2016.

iii. On November 29, 2016, the Company issued the 2016-3 secured ordinary corporate bond in the amount of NT$ 2 billion to repay bank loans. The funding was completed with significant outcomes and the full amount was used to pay back bank loans in Q4, 2016.

iv. On May 28, 2018, the Company issued the 107-1 secured ordinary corporate bond in the amount of NT$ 2.5 billion to repay bank loans. The funding was completed with significant outcomes and the full amount was used to pay back bank loans in Q2, 2018.

v. On June 8, 2017, the Company issued secured convertible corporate bond No. 5, in the amount of NT$ 10.02 billion, to repay bank loans. The funding was completed with significant outcomes and the full amount was used to pay back bank loans in Q2, 2017.

V. Operational Highlights

1. Business Activities

(1) Business Activities

i. Main fields of business:

Our main business activities include commissioning contractors to construct commercial buildings and public housing buildings for sale or for lease.

(a) H701020 Industrial Factory Buildings Lease Construction and Development
(b) H701040 Specialized Field Construction and Development
(c) H701060 Public Works Construction and Investment
(d) H701070 New County and Community Construction and Investment
(e) H703010 Factory Building Rental and Leasing
(f) H703020 Warehouse Rental and Leasing
(g) H703030 Office Building Rental and Leasing
(h) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

ii. Weighting of business activities:

Units: NT$ '000; %

Year / Activities	FY 2017		FY 2018	
	Amount	Weight (%)	Amount	Weight (%)
Construction	17,682,700	94.71	43,934,427	99.39
Development	730,591	3.91	127,932	0.29
Environmental protection technology	256,757	1.38	140,291	0.32
Rental and leasing	-	-	2,321	-
Total	18,670,048	100.00	44,204,971	100.00

iii. Current product (service) lineup and developing products and services:

(a) Existing products and services

Apartment buildings: Apartments, suites, and parking spaces.

Office buildings: Offices, storefronts, parking lots, and suites.

(b) New products and services in development

The Company will continue to develop high-end residential buildings throughout the northern, central, and southern regions of Taiwan, and general residential buildings with easy traffic connections will be developed to meet the needs of urbanization. In addition, to satisfy the market's growing demands for the tourism & leisure industry and for senior citizens housing, we will conduct a thorough research into the profitability of the development and operation in the tourism & leisure industry and senior citizens housing projects.

(2) Industry Overview

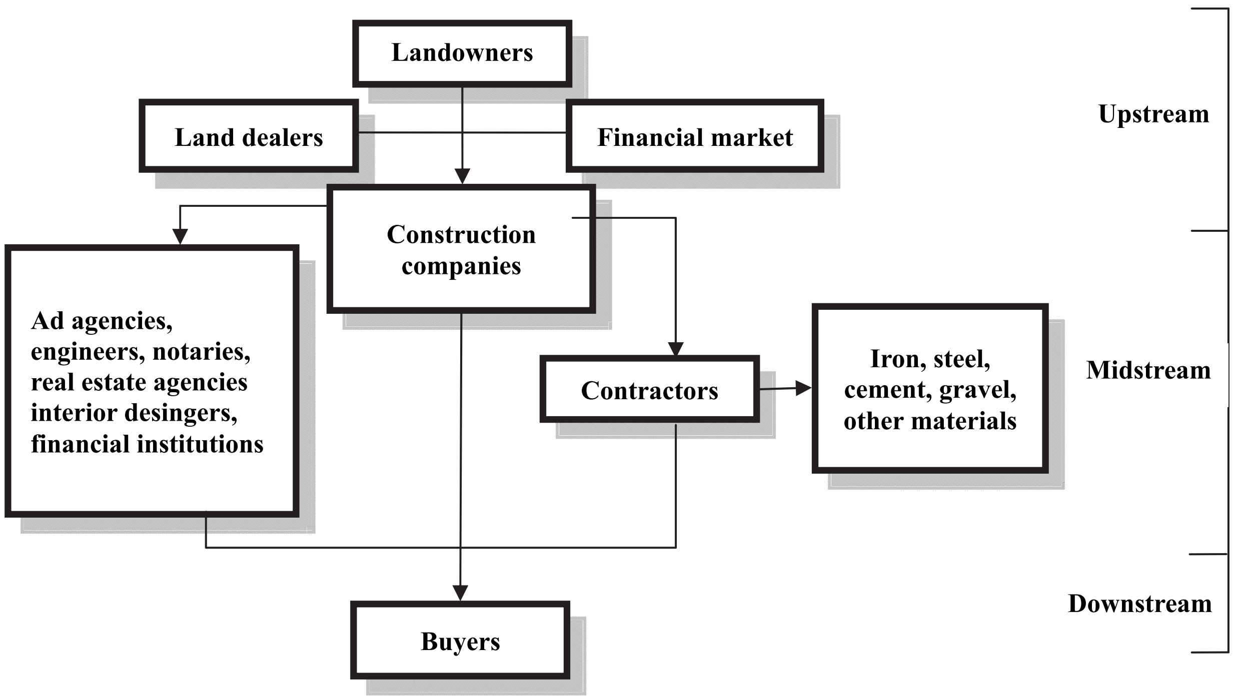
i. Industry status and overview

The prosperity of the development and construction industry is an important indicator of the wellbeing of the overall economic and financial environment in Taiwan. In terms of the operating environment, changes in policies in 2018 include the exclusion of rain covers in registration and price valuation, and the revision of three related regulations in May to reinforce actual price registration ver. 2.0. However, instead of fighting against property speculation, the government has been pushing towards a more robust and stable housing market. Local governments have also relaxed taxation on property holding. Furthermore, the government is actively enforcing urban renewal and expediting the reconstruction of unsafe and old buildings, both of which are expected to bring about positive effects to domestic housing market. In terms of the economy, cyclical economic growth remains slow in 2018 despite a GDP growth rate of above 2%, which still lower than the global average. Mortgage rates stay relatively low, and the operating environment of the real estate business remains stable. Overall, the performance of the housing market is determined by fundamental supply and demand, perceived pricing, and the change in demands for housing for personal use.

ii. Relationship among the industry’s up-, mid-, and downstreams

The construction business has been called the “locomotive of all industries”. Its upstream raw materials are mainly land and building materials. The sources of land may come from sales or release of privately-owned property through joint construction, auctions of government-owned land, and the redevelopment of land use in urban renewal projects. Construction companies are in the midstream of the industry. Althouth the necessary raw materials, such as iron, steel, cement, etc., are non-renewable and limited in supply, substitute building materials are becoming readily available as the technology advances. Also in the midstream are housing dealerships and real estate agencies. In the past, the construction investment industry had a closer business relationship with housing dealerships. In recent years, however, real estate agencies have diversified our selling options with the advantage of having physical storefronts. With the assistance from scrivener services, construction management companies, and financial institutions construction companies lie in the intermediary position and coordinate the whole system. Construction companies acquire land from landowners, apply for loans from financial institutions, commission engineers for designs and contractors for constructions, and finally, sell through dealerships and agencies.

The relationship among the industry's up-, mid-, and downstream is illustrated in the diagram below:



iii. Product development trends

(a) Due to regulations on real estate transaction and limited land supply, instead of outright transfer of land ownership or joint construction with landowners, the Company will diversify its land development opportunities through superficies acquisition, urban renewal projects, real estate investment trust, commissioning, and strategic alliances with competitors.

(b) Because of the varied demands in regional housing and office space, the government's fight against urban-rural gap through urban planning and transportation infrastructure, and the scarcity and the high price of real estate in Taipei City, the industry has been moving towards a multi-regional approach to diversify risks and adopting unique marketing strategies to tailor to regional developmental needs. The Company will continue to develop high-end residential buildings throughout the northern, central, and southern regions of Taiwan, and general residential buildings with easy traffic connections will be developed to meet the needs of urbanization. In addition, we will examine the profitability of the development, operation, lease, and sales of smart office buildings.

(c) Diversification, sophistication, and humanization are the three major trends in the market. Apart from the traditional residential buildings, commercial buildings, office spaces, leisure housing, senior citizen housing, green housing, and high-tech smart housing are here to satisfy every customer's needs. As the average income continues to rise, home buyers are focusing less on practicality and safety and more on the living environment, life function, exterior/interior design, and the quality of buildings materials and equipment. Thus, brand awareness and customer satisfaction have become essential indices of competitiveness. The Company will work towards further diversification, humanization, and sophistication in future product development.

iv. Competition

The housing market is characterized by its massive scale, vast market reach, and distinctive regional needs. Therefore, the competitive environment is not as hostile as in other industries. Instead, our main focus is in on product differentiation. Our flexible product development strategies enable us to adjust the supply of various kinds of products in a timely manner to adapt to the industry’s structural change and to meet the market demand. We determine the product positioning based on each project’s scale and location, differentiate market needs according to regional characteristics, and diversify our portfolio to expand our market reach.

In recent years, the Company has mainly rolled out projects in highly urbanized regions, such as the Greater Taipei Metropolitan Area, Taichung, Tainan, and Kaohsiung City. We are one of the very few construction companies that are able to adopt a multi-region approach. We pride ourselves on the creation of value-added with our excellent management team, robust financial planning, visionary land development, professional research and design, precise product positioning, robust construction process, and complete after-sale services. Through these competitive advantages, we can differentiate our products and sell them at a higher price in order to increase gross profits and ensure that our profitability remains stable while minimizing negative effects of competition.

Top 10 Exchange Listed Construction Firms with the Highest Operational Income in 2018

Rank	Company Name	Operational Income (NT$ '000)
1	Highwealth Construction	**44,204,700**
2	Radium Life Tech	31,978,939
3	Continental Holdings	25,036,809
4	Farglory Group	24,249,238
5	Goldsun	18,335,622
6	Kingdom Construction	14,646,662
7	DACIN Construction	14,422,179
8	Cathay Real Estate	14,203,181
9	Run Long Construction	13,845,007
10	Chong Hong Construction	12,183,727

Source: MOPS, TWSE

(3) Overview of Technology and R&D

The Company has no in-house R&D department within the main construction business division. However, in an effort to monitor the quality of construction and its impact on the environment, our subsidiary Run Long Construction Co. has pioneered bottom ash reclamation technology. The Company is working both individually and cooperatively with research institutes to carry out research projects, the results of which will inform future product development and the innovation of waste reusability.

i. Technology know-hows and research outlook

(A) Consturction business division

a. Construction design:

The Company shall conduct a thorough assessment of the product’s location, characteristics of its surrounding areas, consumers’ needs, and the high-tech green construction materials available in the market before designing products of the finest quality to satisfy the ever-changing market demands.

b. Construction management

The Company will continue to research into various construction methods and adopt the most suitable ones. We will also strictly monitor the quality, costs, and progress of construction.

c. Structural integrity and safety measures

The Company introduced the advanced shock absorption system from Japan to minimize damages brought by earthquakes and ensure the safety of residential buildings in Taiwan.

d. Process automation and digitalization

Our internal management system has been completely digitalized into an integrated construction management software which includes automated systems for budgeting, project contracting, sales, and accounting. In addition, we are investing further resources in training professional employees to increase operational efficiency.

e. Marketing research

We have an accurate understanding of the real estate market, and we actively gather information on land use and real estate transactions. These data offer useful insights and enable us to precisely position our products and adopt superior marketing strategies, making large sales volume an achievable goal.

(B) Environmental protection technology business division

a. Research into the technology and process of incineration fly ash reusability

b. Developement of humidity control material production technology from urban waste incineration bottom ash washed fine mud

c. Developement of technology for monitoring the reuse of contaminated land and demonstration of roadbed inspection procedures

d. Physical property analysis of regenerative-graded granules from bottom ash

e. Environmental monitoring of bottom ash regeneration sites

f. TCLP analysis of heavy metals from regeneration sites

g. Developement of concrete blocks with materials from urban waste incineration bottom ash

h. Development project of fly ash reclamation technology (II)—Study of pretreatment of fly ash decontamination and analysis of its properties when mixed into concrete mortar

i. Study of odor reduction of bottom ash in expanded bed reactor

j. Study of bottom ash quality improvement─Prerequisites and procedures of bottom ash reclamation

k. Suitability analysis of bottom ash graded materials in roadbed subgrade filling and CLSM

l. TCLP analysis of heavy metals from regeneration sites and feasibility study in land reclamation in coastal areas

m. Study of the carbonic acid stabilization reaction in bottom ash

n. Design of ultra-lightweight concrete formula and analysis of its physical properties

o. Study of the effectiveness and promotion of bottom ash as roadbed subgrade or site preparation granules

ii. Educational background and seniority of R&D personnel

Unit: person

Year		2015	2016	2017	2018
R&D personnel on staff		2	2	2	1
Seniority (years)		1.99	1.35	2.34	3.33
Highest degree	Master or above	-	-	-	-
	College	2	2	2	1
	High school or below	-	-	-	-

iii. R&D expenses for the past five years

Unit: NT$ ('000)

Item	2014	2015	2016	2017	2018
R&D expense (A)	8,623	8,157	7,229	6,061	3,926
Net operational income (B)	37,515,171	34,638,039	35,057,830	18,670,048	13,845,007
Percentage (A / B)	0.02%	0.02%	0.02%	0.03%	0.02%

iv. New technology and products in the past year: None.

(4) Short-term and Long-term operation plans

i. Short-term plan

With the Company's capital size, human resources, rate of return on investment, and capital turnover in mind, our short-term operation focus will stay on the investment and construction of mid- to large-scale projects at prime locations in northern, central, and southern Taiwan. We have established a professional marketing channel to accelerate sales, achieve zero inventory, and reduce interest expense. Apart from maximizing operational outcome, we are able to rapidly increase our capital thanks to our projects' profitability. With careful budgeting, auditing, and cost monitoring, we are able to gradually increase our equity ratio, strengthen our financial structure, and solidify our operational foundation, leading to continuous growth and profit generation.

ii. Long-term plan

As the Company is reaching a certain capital size, it is necessary that we consider long-term investment options to remain profitable. Accordingly, we plan to invest part of our capital in real estate that requires long-term holding or outsourcing, such as real estate for leisure and tourism, commercial real estate, and health village co-development projects to service the aging population. Meanwhile, the majority of our capital will still be invested in construction projects. Therefore, we should be able to maximize earnings for shareholders. In the future, we will actively form strategic alliances with our competitors and the insurance industry to acquire land for construction or operation of residential buildings, office buildings, resorts, and department stores. At the same time, we will develop or introduce substitute building materials, maintaining a diversified portfolio and stable source of income.

2. Market and Sales Overview

(1) Market Analysis

i. Main product sales area:

In the past three years, high-rise multi-purpose residential buildings and office buildings comprised the majority of our sales. These buildings are situated in major metropolitan areas, including Taipei, New Taipei, Zhubei, Taichung, Tainan, and Kaohsiung. We mainly chose areas with convenient connections, good life functions, and high developmental potentials. Our sales volume has been satisfactory.

ii. Market share, analysis of future supply and demand and market growth

(A) Supply

The four stages of land development are investment, production, transaction, and utilization. Construction companies will evaluate the market to determine the location, invest capital to procure building materials, and then begin the design process. However, the Building Act stipulates that building construction, reconstruction, addition, and repair all require building permits, that construction must commence within 6-9 months of permit issuance, and that land use registration and land use change both require a license. Because the whole process can take around 2-3 years, land transaction volume and building permit issuance can be seen as an early indicator of future housing market performance. The number of new construction projects can further reflect the industry's attitude towards the market outlook. On the other hand, property roll-out volume indicates the current housing supply. Therefore, in the following section, we will analyze land transaction volume, number of permits issued, and property roll-out volume to paint a clearer picture of market supply and growth.

a. Land transaction volume

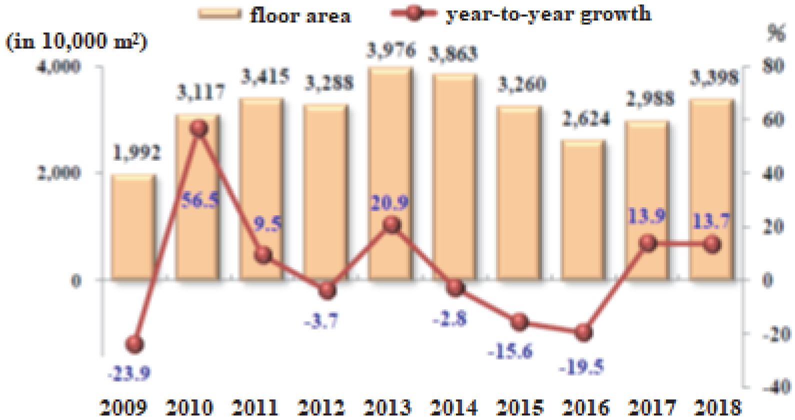
Land is a required production factor in the housing market—without land, there is no construction project. Despite the pessimism in the market, a few construction firms remain optimistic about the future demand in the housing market, purchasing mass amounts of land at low costs when the government frequently releases land for auctioning. According to statistics reported by Cushman & Wakefield, land transaction volume in 2018 reached a six-year high of NT$ 178 billion dollars, recording a whopping 44% growth compared to 2017. The massive boost in land transaction and the rising of three major indices suggest that the developers are expecting an upward momentum in the housing market.

b. Number of building permits issued

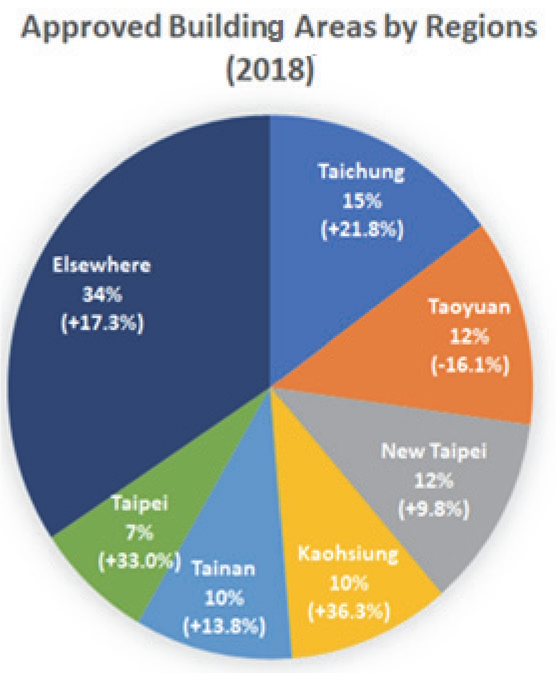
The Building Act stipulates that building construction, reconstruction, addition, and repair all require a permit. According to statistics reported by the Ministry of the Interior, after the number of permits and total floor area reached an all-time high in 2013, the numbers fell for 3 consecutive years until it began to rise again in 2017. In 2018, 27,344 permits were issued in 2018 (9.2% year-to-year growth), covering 33,980,000 square meters of floor area (13.7% growth).

Geographically, the six special municipalities accounted for 65.7% of the floor area in 2018, with Taichung leading with 14.9%, followed by Taoyuan (12.3%), and New Taipei, Kaohsiung, and Tainan all at around 10%. Except for Taoyuan, which saw a decrease of 16.1%, the other municipalities all saw an increase in approved floor area in 2018, with Kaohsiung leading at 36.3%.

Building Permits Issued & Approved Areas in the Last Decade



Source: Directorate-General of Budget, Accounting, and Statistics



Note: Year-to-year change in parentheses.

c. Property roll-out

There were 216 cases of new property roll-out this quarter (Q4 2018), with a total of 15,698 housing units and NT$ 216 billion dollars in combined list price, which is lower than the previous quarter but higher than Q4 2017. Except in New Taipei City, potential closing prices increased from the previous quarter. Compared to Q4 2017, closing prices were mostly on the rise except for in Taipei and New Taipei. Transaction volumes remained stable in Taipei and Tainan but fell in all other regions quarter-to-quarter. Compared to Q4 2017, however, all regions excluding New Taipei City saw a rise in volume. When taking into account seasonal fluctuations, we conclude that pricing in Taipei and Kaohsiung has both neared a short-term high, but the transaction volumes seemed to be divergent—Taipei is at a relative low point whereas Kaohsiung has grown over the recent high. Taichung, on the other hand, saw both pricing and volume reaching a short-term high.

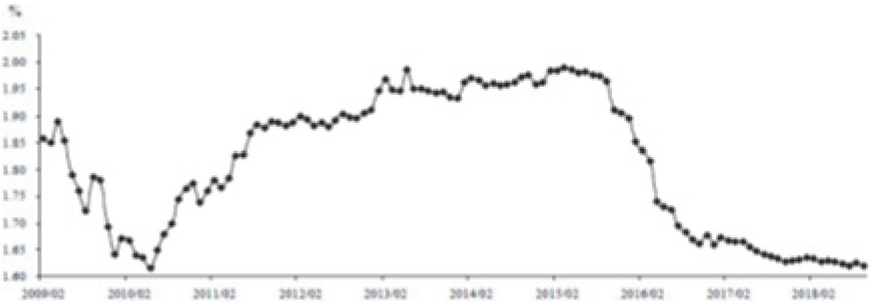
	Nationwide	Taipei	New Taipei	Taoyuan	Taichung	Tainan	Kaohsiung
Projects Roll-out	216	25	45	48	36	26	36
	(0.5%)	(-3.8%)	(7.1%)	(6.7%)	(9.1%)	(13.0%)	(-21.7%)
	《16.1%》	《25.0%》	《7.1%》	《9.1%》	《12.5%》	《0.0%》	《63.6%》
Housing Units	15,698	947	3,871	3,436	3,528	1,514	2,402
	(-26.9%)	(-20.3%)	(-23.0%)	(-26.7%)	(-26.1%)	(17.4%)	(-46.6%)
	《10.5%》	《94.1%》	《3.2%》	《26.1%》	《0.6%》	《-28.9%》	《49.4%》
Combined List Price (in NT$ 100M)	2,166	360	629	393	365	119	300
	(-39.9%)	(-67.5%)	(-34.3%)	(-23.7%)	(-24.7%)	(-25.0%)	(-21.0%)
	《21.4%》	《139.6%》	《21.2%》	《8.0%》	《-13.2%》	《-27.9%》	《80.4%》

Note: Quarter-to-quarter change in ( ); year-to-year change in 《 》.
Sounce:Q4 2018 statistics reported by Cathay Real Estate

(B) Demand

Low birth rate is a common issue for developed countries around the world. Although Taiwanese population reached a record 23.57 million in 2017, population growth has been gradually falling in the recent three years. In 2017, growth came to a standstill with the growth rate at an all-time low of 0.1%. If this trend continues, the total population will start to diminish from 2025 onwards. The demographic dividend peaked at 34.7% in 2012, after which the dependency ratio rose to 37.0% in 2017. Furthermore, the labor force began to shrink in 2016. It is apparent that the declining demographic dividend signifies a decline in the workforce, which could lead to a lack of support for real estate prices. On the other hand, an aging population means that housing demand will decrease as the younger generations inherit properties from their parents. However, population is not the sole determining factor of domestic housing market. It also depends on political and economic situation, cross-straight relation, and whether or not the government allows large scale foreign investment. Even mortgage rates and their accompanying capital effect can impact market performance. Nevertheless, population remains a looming threat to the real estate market.

Below is a graphic representation of statistical data on margage rates compiled by Central Bank of Taiwan. In September 2018, the average mortgage rate from five major banks fell to 1.62% following the banks' strategies of lowering rates, extending the grace period to five years, and granting 40-year long-term low-rate mortgage loans to attract homebuyers. Owning to the lower-than-average cyclic growth in the domestic economy, even if a rate hike is approved by the Central Bank in Q1 2019, it would only be an act of market signaling, having more psychological effects than practical ones.



Note: The five major banks are Bank of Taiwan, Taiwan Cooperative Bank, Land Bank of Taiwan, Hua Nan Commercial Bank, and First Bank.

Source: Central Bank of Taiwan; figure by Taiwan Institute of Economic Research

(C) Growth

In 2019, the government will continue to implement urban renewal plans and expidite the reconstruction of old and unsafe buildings. As real estate is still a major investment target and with multiple metro lines about to begin operation, supports for real estate prices remain strong. A few negative factors persist, however, and these include fluctuation of mortgage rates, selling-off of estates with approaching grace period expiry, and the large number of real estate offers in northern Taiwan, especially in redevelopment zones. Although housing demand will continue to emerge, pressure on the supply side compounded with the market expectation of lowering prices indicates that the housing market is still at a recouping stage in 2019. In sum, uncertain factors abound in the market. Staying conservative with real estate investment can actually release the pent-up pressure, which is beneficial and necessary for the long-term growth and well-being of the real estate market.

iv. Competitive advantages

(a) Great capital resources and credit worthiness

(b) Superior land development abilities with visions

(c) Rigorous product design to satisfy market needs

(d) Precise control of construction quality, progress, and costs

v. Long-term opportunities, threats, and our countermeasures

(a) Oppurtunities

① As the government seeks to expand capital expenditures and infrastructure construction, and as the domestic and gloabal economies continue to grow, investment products including office buildings and storefronts will remain in high demand.

② Due to new regulations on capital gains tax, an influx of funds is expected to be diverted from the stock market into real estate investment.

③ A closer cross-straight economic relationship is beneficial for the housing market—businesses are reinvesting in the domestic market, the government is relaxing the policy on Chinese direct investment, and the number of free independnet travelers from Mainland China is on the increase.

(b) Threats

① Land in prime locations is difficult to acquire, and construction costs are skyrocketing, both of which are threats to the housing market.

② With the ever-rising housing prices, financial institutions are expected to reinforce their risk assessment process in loan issuance. Consequently, investors and homebuyers might be faced with limited financing options.

(c) Countermeasures

① Conduct rigorous reviews of new development projects to determine the reasonable returns and prices; strengthen internal management and shorten construction time to minimize loss of profits due to rising material costs.

② Aim for design breakthrough and diversification; focus on construction quality to boost product competitiveness.

③ Enforce "just-in-time" zero inventory policy to maximize returns on invested capital (ROIC).

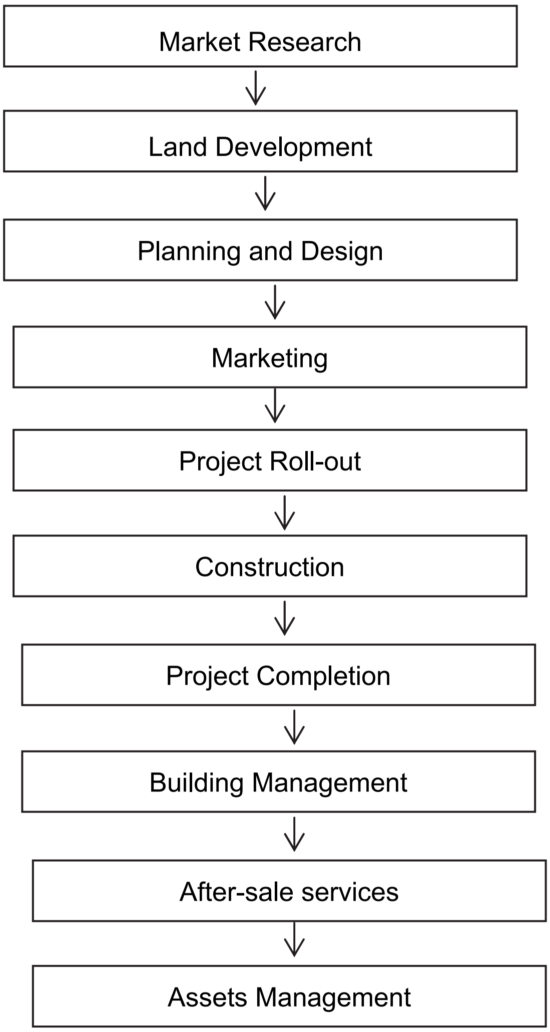
(2) Main Products and Manufacturing Process

i. Major products and their main uses

(1) Luxury apartment buildings:
apartments, suites, parking spaces.

(2) Luxury office buildings:
storefronts, malls, suites, parking spaces.

ii.Major products and their production processes



(3) Supply of Major Source Materials

i. Land: We are actively searching for suitable places for development. Following the government's plans of infrastructure in the greater Taipei Metropolis, Zhubei, Taichung, and Kaohisung, we will seek joint construction oppurtunities, form strategic alliances, and parttake in urban renewal projects or MRT joint development. There will be no shortage of land.

ii. Construction: From contracting to project acceptance, we have rigorous operating procedures in place to help us control the progress and quality of construction. Supply shortage or monopoly is out of the question.

iii. Materials: To reduce cost and shorten the construction period, we used to handle materials procurement in-house. However, to increase overall efficiency, we are gradually moving towards composite outsourcing of both construction and materials. The supply of building materials, therefore, remains stable.

(4) Major Suppliers and Clients

i. Major suppliers with at least 10% of annual order volume in the previous two years

Unit: NT$ (‘000)

	2017				2018			
#	Name	Volume	Percentage (%)	Relation	Name	Volume	Percentage (Q1, %)	Relation
1	–	–	–	–	Railway Reconstruction Bureau	4,001,736	13.72%	N/A
2	Others	19,165,677	100.00	N/A	Others	25,157,415	86.28%	N/A
	Net Purchase	19,165,677	100.00	N/A	Net Purchase	29,159,151	100.00%	N/A

Note: Major suppliers refer to those with at least 10% of annual order volume in either 2017 or 2018.

Reason for the change:

We use composite outsourcing of construction work and materials. Purchase amounts vary based on the construction progress. Because construction projects are discrete in nature and because land is non-increasing, immovable, and irreplaceable, land acquisition depends on our project locations and we don’t rely on specific suppliers.

ii. Major clients with at least 10% of annual order volume in the previous two years

Unit: NT$ (‘000)

	2017				2018			
#	Name	Volume	Percentage (%)	Relation	Name	Volume	Percentage (Q1, %)	Relation
1	–	–	–	–	–	–	–	–
2	Others	18,670,048	100.00	N/A	Others	44,204,971	100.00	N/A
	Net Sales	18,670,048	100.00	–	Net Sales	44,204,971	100.00	–

Note: Major clients refer to those with at least 10% share of annual order volume in either 2017 or 2018

Reason for the change:

Due to the nature of the business, the Company does not have regular clients commanding more than 10% of our annual sales volume.

(5) Production in the Last Two Years

Unit: NT$ ('000)

Year / Volume / Product	2017			2018		
	Capacity	Yield	Value	Capacity	Yield	Value
Housing (unit)	1664	9,537,770	1664	3385	36,816,688	3385
Construction	–	693,038	–	–	125,377	–
Bottom Ash Processing (ton)	155,253	107,941	155,253	88,667	94,673	88,667
Others	–	65,296	–	–	93,953	–
Total	–	10,403,045	–	–	37,130,691	–

Notes:

1. Housing value refers to the total production costs of completed projects at year end.
2. Housing yield refers to the total housing units of completed projects at year end.
3. The yield and value of bottom ash processing refers to the quantity and operating costs from recycled bottom ash.
4. Others refer to costs of lease and sales of empty land.

(6) Sales in the Last Two Years

Unit: NT$ ('000)

Year / Volume / Product	2017				2018			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Housing (unit)	2650	17,632,009	–	–	3350	43,863,790	–	–
Construction	–	730,592	–	–	–	122,626	–	–
Bottom Ash Processing (ton)	155,253	236,572	–	–	88,667	134,662	–	–
Others	–	70,875	–	–	–	83,894	–	–
Total	–	18,670,048	–	–	–	44,204,972	–	–

Notes:

1. Housing sales value refers to the operating income from housing sales of the year.
2. Housing sales volume refers to the units sold in the year.
3. Others refer to revenues from bottom ash processing by-products and lease or sales of empty land.

3. Human Resource Information in the Last Two Years

Consolidated human resource information including years of service, age, and educational background of the Company and our subsidiaries in the last two years:

Year		2017	2018	2019 (as of Mar. 31)
Number of employees	General staff	574	790	782
	Engineers	311	298	309
	Total	885	1,088	1,091
Average age		37.9	37.7	37.6
Average years of service		4.7	4.4	4.4
Educational Background	Doctorate degree	0%	0%	0%
	Master's degree	7.68%	6.80%	7.15%
	Bachelor's degree	80.90%	80.15%	80.48%
	High school	9.27%	12.68%	12.19%
	Below high school	2.15%	0.37%	0.18%

4. Environmental Protection Expenditure

(1) Total Losses and Penalties by environmental pollution during the latest year and up to the printing date of this annual report

Our main business activities consist of the construction and sales of buildings. We outsource construction with or without materials procurement to contractors, who will be responsible for the processing and disposal of wastes. The Company assumes a supervisorial role, and therefore, did not recognize any losses from environmental pollution penalties during the last year and up to the publishing date.

(2) Environmental Protection Measures

We stipulate in our contracts that our construction partners shall take whole responsibility for any pollution during construction. The Company assumes a supervisorial role. We have the following measures in place to prevent pollution:

i. Select the most appropriate construction methods based on the geology and the neighboring areas of the location to minimize noise and vibrations.

ii. Put up protection nets to prevent dust and stones from flying or falling.

iii. Set up enclosed scavenging ducts to prevent wastes from scattering.

iv. Designate a place for waste disposal. No burning of wastes during construction, and regular collection of wastes.

v. Regularly dredge the drainage trench to keep surrounding areas sanitary.

(3) Contingent Liability in Environmental Protection: None.

5. Labor Relations

(1) Policies on Employees' Welfare, Further Studies, Training, Retirement, and Their Implementation Status; Labor Agreements and Measures to Safeguard Employees' Interests in the Past Year and up to the Printing Date of the Annual Report:

i. Employee welfare:

The Company established the Welfare Committee to ensure sustainability, create a friendly work environment, help employees utilize their talents to the fullest, and find a common ground between personal and organizational growth. Committee members, selected by elections, meet regularly to determine and implement welfare plans in which all employees are eligible to participate. The welfare budget comes from our operating income and is managed by the Committee. The Company's Employee Welfare Manage Policy includes the following benefits: (a) festival cash gifts, (b) Wedding gifts and funeral solatiums, (c) uniforms, (d) housing discounts, (e) labor insurance, health insurance, group insurance, (f) retirement program, (g) performance bonus, (h) profit sharing program, (i) year-end banquet, and (j) other benefits defined by the Committee.

ii. Training and further training:

The Company and its subsidiaries offer job orientation, general and professional training courses to help employees cultivate professional skills and achieve self-actualization. Employess can take these courses on their own initiative or with the recommendation of their supervisors. The training program includes:

(a) Job orientation

① General training: Introduction to the Company's history and management, and lectures on safety, sanitation, and quality control.

② Professional training: all new recruits must undergo training of professional knowledge and operational procedures before they are put to work.

③Traning for new hires in the Company and its subsidiaries in the recent year:

Training Course	Duration	Target	Cost (NT$)
Training in EHS audit	12 hours	EHS personnel	3,000
Training in ISO45001	12 hours	Engineers	2,857

(b) On-job training and further training

① The Company provides on-job training based on each department's needs.

② The Company provides on-job training on an *ad hoc* basis.

③ Employees can attend off-site training on their own initiatives or with the recommendation of their supervisors.

(c) Off-site training received by employees in the Company and its subsidiaries in the recent year:

ΦTraining on corporate governance received by managers:

Job Title	Name	Held by	Training Program	Duration (hour)	Cost (NT$)
Assistant auditing manager	Jie-yunChiu	The Institute of Internal Auditors	Latest Revision in Company Act and Its Impact on Corporate Governance, Internal Control, and Directors' and Supervisors' Responsibilities	6	3,300
			Recent Cases and Development in Trade Secrets and Non-compete Limitations	6	3,300
Assistant accounting manager	Shiou-tai Lee	Accounting Research and Development Foundation	Accounting Officers of Issuers, Securities Firms, and Securities Exchanges—Beginning Training	30	19,000
Accounting manager	Ya-mei Lin		Accounting Officers of Issuers, Securities Firms, and Securities Exchanges—Continued Training	12	8,000
		Taipei Exchange	IFRS Adoption Seminar	3	0

② Employee off-site training:

Training Program	Duration (hour)	Cost (NT$)	Target
Accounting Officers of Issuers, Securities Firms, and Securities Exchanges—Beginning Training	30	19,000	Accounting managers
Latest Revision in Company Act and Its Impact on Corporate Governance, Internal Control, and Directors' and Supervisors' Responsibilities	6	3,300	Auditing managers
Recent Cases and Development in Trade Secrets and Non-compete Limitations	6	3,300	
Internal Control and Auditing of Lease Accounting under IFRS16	6	3,500	Auditing personnel
Internal Control and Auditing of Revenue Accounting under IFRS15	12	7,000	
EHS Training	12	3,000	EHS staff
Training in ISO45001	12	2,857	Engineers
EHS Improvement Training	12	3,510	EHS staff
Pratical Training in Land Registration	12	5,400	Land developers
IFRS Adoption Seminar	3	0	Accounting managers
Sophos XG Firewall Software Training	7	0	IT staff
Re-training of Fire Prevention Staff	6	1,600	Factory managers
"Risk Signals and Crisis Mitigation"—How Should Auditors Respond to Risks and Crisis?	6	3,500	Auditing managers
Cases of Trade Secret Fraud and Best Practices in Trade Secrets Act Compliance	6	3,500	
Seminar of Internal Control for Publically-traded Companies	3.5	0	
Lecture on Labor Law—From Recruitment to Severance	6	3,300	Auditing personnel
Accounting Officers of Issuers, Securities Firms, and Securities Exchanges—Continued Training	12	8,000	Accounting managers & personnel
XBRL Training	7	0	Accounting personnel
Seminar on Best Practices of Publically-traded Companies	3	0	Staff
The Impact of Company Act Revision on Publically-traded Companies	3	0	

iii. Retirement system and its implementation:

(a)The Company has formulated a staff retirement scheme in accordance with the Employee Retirement Measures of the Labor Law.

(b) With the enforcement of Labor Pension Act on July 1, 2005, the Company deposits 6% of employees' salary into their (a) Bank of Taiwan labor retirement reserve fund account if they choose the former pension scheme, or (b) individual accounts of labor pension at the Bureau of Labor Insurance if they choose the new scheme.

iv. Labor agreements and measures to safeguard employees' interests:

The Company considers talents to be the most important resources of all, and we pay great attention to employees' benefits, safety, and health. We encourage open communication to promote policy change and listen to employees' opinions. We strictly follow Labor Standards Act to maintain a harmonious labor relation, and so far, we have experienced great success. We established the Welfare Committee to ensure the implementation of employees' welfare programs and rigts protection. Every year, we distribute performance bonuses, year-end bonuses, and employee dividends based on our operation outcome, effectively aligning employees' interests with the Company's business goals. Any revisions or additions to the labor agreement must be thoroughly discussed by both parties so that no disputes would arise.

(2)Loss Due to Labor Disputes in the Past Year and up to the Date of Publication of the Annual Report, and Disclosure of Contingent Liability and Countermeasures

The Company and its employees have always maintained, and will continue to foster, the spirit of mutual cooperation and teamwork, and continue to achieve higher business goals with joint efforts. Accordingly, no loss due to labor disputes has ever occured. We endeavor to improve employees' welfare and management with a view to giving our staff better benefits and bringing in greater profits and sales for the Company. We are confident that the chance of labor disputes in the future is remote.

6. Important Contracts

<table>
<tr><th>Type</th><th>Project</th><th>Counterparty</th><th>Duration</th><th>Content</th><th>Restr</th></tr>
<tr><td rowspan="10">Construction [note 1]</td><td>Danhai 3</td><td>Taisei Corporation</td><td>Until warranty expiry</td><td rowspan="6">Construction</td><td>—</td></tr>
<tr><td>Minzhu</td><td rowspan="2">DACIN Construction</td><td>Until warranty expiry</td><td>—</td></tr>
<tr><td>Neihu</td><td>Dec. 2012 to warranty expiry</td><td>—</td></tr>
<tr><td>Jingshin</td><td>Taiwan Obayashi Corp.</td><td>Mar. 2014 to warranty expiry</td><td>—</td></tr>
<tr><td>Huimin 139</td><td rowspan="2">Taisei Corporation</td><td>Nov. 2015 to warranty expiry</td><td>—</td></tr>
<tr><td>De'an</td><td>Feb. 2019 to warranty expiry</td><td>—</td></tr>
<tr><td>Anping 1, 2</td><td>Xing Yi Fa</td><td>Jun. 2014 to warranty expiry</td><td rowspan="4">New construction</td><td>—</td></tr>
<tr><td>Shen'au</td><td>Huan Ding Development</td><td>Dec. 2015 to warranty expiry</td><td>—</td></tr>
<tr><td>Shinfu 320</td><td>Xing Yi Fa</td><td>Dec. 2017 to warranty expiry</td><td>—</td></tr>
<tr><td>Jiancui 176</td><td>Xing Yi Fa</td><td>Sep. 2017 to warranty expiry</td><td>—</td></tr>
<tr><td rowspan="6">Joint construction [note 2]</td><td>Guangwu</td><td>TransGlobe Life</td><td>Mar. 2015 to completion</td><td>Guangwu, Hsinchu</td><td>—</td></tr>
<tr><td>Longfeng</td><td>San Tong Construction</td><td>Oct. 2015 to completion</td><td>Xinchuan, New Taipei</td><td>—</td></tr>
<tr><td>Beishindu</td><td>Ho et al.</td><td>Aug. 2016 to completion</td><td rowspan="2">Banqiao, New Taipei</td><td>—</td></tr>
<tr><td>Jiancui</td><td>Zhan et al.</td><td>Dec. 2015 to completion</td><td>—</td></tr>
<tr><td>Hsinchu Guangwu</td><td>Zhang et al.</td><td>Nov. 2017 to completion</td><td>Guangwu, Hsinchu</td><td>—</td></tr>
<tr><td>Zhonghe Yuantong</td><td>Chen et al.</td><td>Dec. 2015 to completion</td><td>Zhonghe, New Taipei</td><td>—</td></tr>
<tr><td rowspan="4">Joint investment</td><td>Beishindu</td><td>Sunglory Institution</td><td>Aug. 2016 to completion</td><td rowspan="2">Banqiao, New Taipei</td><td>—</td></tr>
<tr><td>Banqiao Yongcui</td><td>YeaShin Development</td><td>Jun. 2017 to completion</td><td>—</td></tr>
<tr><td>Fuduxin 3</td><td>Xin Shi Mao Assets Management</td><td>Aug. 2018 to completion</td><td>Xinchuan, New Taipei</td><td>—</td></tr>
<tr><td>De'an</td><td>Huan Ding Development
Hai Ju Construction</td><td>Apr. 2013 to completion</td><td>Zhongshan, Keelung</td><td>—</td></tr>
<tr><td rowspan="2">Technical service</td><td rowspan="2">Hyatt Hotel Jinshan</td><td rowspan="2">Hyatt International (Asia) Limited</td><td>42 months starting from Dec. 2017</td><td>Consulting prior to hotel opening</td><td>—</td></tr>
<tr><td>Dec. 2017 to 20 years after opening</td><td>Hotel management</td><td>—</td></tr>
<tr><td>Lease</td><td>Kaohsiung</td><td>Southeast Cement Corp.
Goldsun Co., Ltd</td><td>Feb. 2016 to Feb. 2032</td><td>Kaohsiung</td><td>—</td></tr>
</table>

Notes:

1. Only includes contracts with value above NT$ 300 million (before taxes).
2. Only includes contracts with a deposit of at least NT$ 30 million.

VI. Financial Profile

1. Condensed Balance Sheet, Consolidated Income Statement and Audit Opinion in the Past Five Years

1.Condensed Balance Sheet and Consolidated Income Statement

(1)Condensed balance sheet (International Financial Reporting Standards - concise)

Unit: NT$ thousand

Item \ Year		Financial analysis for the past five years (Note 1)					Financial analysis as of March 31, 2019
		2014	2015	2016	2017	2018	
Current assets		106,043,069	110,495,187	106,858,946	116,661,850	114,994,540	Note 3
Property, plant and equipment		915,869	2,515,863	2,416,561	2,366,802	3,288,941	Note 3
Intangible assets		29,224	27,729	25,584	26,558	25,054	Note 3
Other assets		1,204,729	1,157,164	1,855,036	5,050,660	12,592,556	Note 3
Total assets		108,192,891	114,195,943	111,156,127	124,105,870	130,901,091	Note 3
Current liabilities	Before distribution	70,278,858	70,216,102	58,665,660	63,862,328	61,659,364	Note 3
	After distribution	73,868,478	77,215,862	64,498,793	67,945,521	Note 2	Note 3
Non-current liabilities		3,633,499	4,657,633	13,760,121	25,932,472	29,139,579	Note 3
Total liabilities	Before distribution	73,912,357	74,873,735	72,425,781	89,794,800	90,798,943	Note 3
	After distribution	77,501,977	81,873,495	78,258,914	93,877,993	Note 2	Note 3
Interests attributable to parent company owner		30,619,317	35,090,990	34,578,269	30,692,772	34,180,147	Note 3
Capital		8,974,051	11,666,266	11,666,266	11,666,266	11,666,266	Note 3
Capital reserve		2,372,159	2,417,605	2,583,914	2,572,169	304,459	Note 3
Retained earnings	Before distribution	19,277,712	21,067,042	20,387,926	16,518,372	21,765,756	Note 3
	After distribution	15,688,092	14,067,282	14,554,793	14,777,765	Note 2	Note 3
Other interests		7,978	(1,529)	2,220	5,394	510,427	Note 3
Treasury stock		(12,583)	(58,394)	(62,057)	(69,429)	(66,761)	Note 3
Non-controlling interests		3,661,217	4,231,218	4,152,077	3,618,298	5,922,001	Note 3
Total equity	Before distribution	34,280,534	39,322,208	38,730,346	34,311,070	40,102,148	Note 3
	After distribution	30,690,914	32,322,448	32,897,213	30,227,877	Note 2	Note 3

Note 1: The financial analysis for the past five years was certified by the CPAs.

Note 2: The 2018 annual earnings distribution has not yet been approved during the shareholders' meeting.

Note 3: As of the date of publication of the annual report, accountants haven't provided financial analysis as of March 31, 2019.

(2) Condensed consolidated income statement (International Financial Reporting Standards - concise)

Unit: NT$ thousand

Item \ Year	Financial analysis for the past five years (Note 1)					Financial analysis as of March 31, 2019
	2014	2015	2016	2017	2018	
Operating revenue	37,515,171	34,638,039	35,057,830	18,670,078	44,204,971	Note 2
Operating margin	14,202,871	12,804,925	11,289,543	4,973,067	13,172,878	Note 2
Operating income	11,275,095	9,815,058	7,733,030	2,631,174	9,503,362	Note 2
Non-operating income and expenses	(103,093)	58,814	123,674	101,839	(52,490)	Note 2
Income from continuing operations before income tax	11,172,002	9,873,872	7,856,704	2,733,013	9,450,872	Note 2
Net income of continuing business units	10,746,861	8,954,895	7,268,083	2,442,625	8,738,331	Note 2
Income of suspended business unit	–	–	–	–	–	Note 2
Net income	10,746,861	8,954,895	7,268,083	2,442,625	8,738,331	Note 2
Other comprehensive income,net of tax	11,019	(23,017)	(1,131)	7,723	47,527	Note 2
Total comprehensive income	10,757,880	8,931,878	7,266,952	2,450,348	8,785,858	Note 2
Net income attributable to stockholders of the parent	10,132,936	8,120,691	6,349,210	1,929,261	6,856,144	Note 2
Net income attributable to non-controlling interests	613,925	834,204	918,873	513,364	1,882,187	Note 2
Total comprehensive income attributable to stockholders of the parent	10,143,955	8,097,674	6,348,079	1,936,984	6,903,671	Note 2
Total comprehensive income attributable to non-controlling interests	613,925	834,204	918,873	513,364	1,882,187	Note 2
Earnings per share	11.44	7.06	5.57	1.69	6.01	Note 2

Note 1: The financial analysis for the past five years was certified by the CPAs.
Note 2: As of the date of publication of the annual report, accountants haven't provided financial analysis as of March 31, 2019.

(3)Condensed balance sheet (International Financial Reporting Standards - consolidated financial statements)

Unit: NT$ thousand

Item \ Year		Financial analysis for the past five years (Note 1)				
		2014	2015	2016	2017	2018
Current assets		73,147,132	76,332,067	76,191,680	78,468,299	81,568,176
Property, plant and equipment		236,920	696,983	530,464	521,707	859,716
Intangible assets		3,177	2,498	1,914	5,407	4,816
Other assets		828,391	1,347,389	2,434,110	7,540,001	14,569,091
Total assets		74,215,620	78,378,937	79,158,168	86,535,414	97,001,799
Current liabilities	Before distribution	43,449,182	42,307,860	36,606,031	37,844,505	39,901,023
	After distribution	47,038,802	49,307,620	42,439,164	41,927,698	Note 2
Non-current liabilities		147,121	980,087	7,973,868	17,998,137	22,920,629
Total liabilities	Before distribution	43,596,303	43,287,947	44,579,899	55,842,642	62,821,652
	After distribution	47,185,923	50,287,707	50,413,032	59,925,835	Note 2
Interests attributable to parent company owner		30,619,317	35,090,990	34,578,269	30,692,772	34,180,147
Capital		8,974,051	11,666,266	11,666,266	11,666,266	11,666,266
Capital reserve		2,372,159	2,417,605	2,583,914	2,572,169	304,459
Retained earnings	Before distribution	19,277,712	21,067,042	20,387,926	16,518,372	21,765,756
	After distribution	15,688,092	14,067,282	14,554,793	14,777,765	Note 2
Other interests		7,978	(1,529)	2,220	5,394	510,427
Treasury stock		(12,583)	(58,394)	(62,057)	(69,429)	(66,761)
Total equity	Before distribution	30,619,317	35,090,990	34,578,269	30,692,772	34,189,147
	After distribution	27,029,697	28,091,230	28,745,136	26,609,579	Note 2

Note 1: The financial analysis for the past five years was certified by the CPAs.
Note 2: The 2018 annual earnings distribution has not yet been approved during the shareholders' meeting.

(4) Condensed consolidated income statement (International Financial Reporting Standards - consolidated financial statements)

Unit: NT$ thousand

Year / Item	Financial analysis for the past five years (Note)				
	2014	2015	2016	106 年	2018
Operating revenue	30,883,854	24,159,219	18,925,829	12,252,697	30,717,971
Operating margin	12,601,511	9,918,028	6,355,174	3,416,282	8,869,264
Operating income	10,507,510	6,656,489	4,141,712	1,862,368	6,534,438
Non-operating income and expenses	5,486	2,145,737	2,527,735	237,417	634,399
Income from continuing operations before income tax	10,512,996	8,802,226	6,669,447	2,099,785	7,168,837
Net income of continuing business units	10,132,936	8,120,691	6,349,210	1,929,261	6,856,144
Income of suspended business unit	–	–	–	–	–
Net income	10,132,936	8,120,691	6,349,210	1,929,261	6,856,144
Other comprehensive income,net of tax	11,019	(23,017)	(1,131)	7,723	47,527
Total comprehensive income	10,143,955	8,097,674	6,348,079	1,936,984	6,903,671
Net income attributable to stockholders of the parent	–	–	–	–	–
Net income attributable to non-controlling interests	–	–	–	–	–
Total comprehensive income attributable to stockholders of the parent	–	–	–	–	–
Total comprehensive income attributable to non-controlling interests	–	–	–	–	–
Earnings per share	11.44	7.06	5.57	1.69	6.01

Note: The financial analysis for the past five years was certified by the CPAs.

2.Auditing CPAs and audit opinions in the past five years

Year	CPA firm	CPA name	Audit opinion
2014	KPMG Taiwan	Chen Chiahsiu, ChihShihchin	Unqualified opinion
2015	KPMG Taiwan	Chen Chiahsiu, ChihShihchin	Unqualified opinion
2016	KPMG Taiwan	Di-nuang Jian,Gou-yang Tseng	Unqualified opinion
2017	KPMG Taiwan	Di-nuang Jian,Gou-yang Tseng	Unqualified opinion
2018	KPMG Taiwan	Di-nuang Jian,Gou-yang Tseng	Unqualified opinion (Emphasized paragraphs or other paragraphs)

2. Financial Analysis in the Past Five Years

1. Financial analysis - International Financial Reporting Standards (concise)

Item	Year	Financial analysis for the past five years (Note 1)					Financial analysis as of March 31, 2019 (Note 2)
		2014	2015	2016	2017	2018	
Financial structure (%)	Debt to asset ratio	68	66	65	72	69	Note 2
	Long term capital to property, plant and equipment ratio	4,140	1,748	2,172	2,545	2,105	Note 2
Solvency (%)	Current ratio	151	157	182	157	186	Note 2
	Quick ratio	30	31	30	31	36	Note 2
	Interest coverage ratio	36	43	16	5	12	Note 2
Operating capacity	Receivable turnover rate (times)	38	21	22	11	22	Note 2
	Average cash recovery day	10	17	17	33	16	Note 2
	Inventory turnover rate (times)	0.29	0.26	0.27	0.14	0.33	Note 2
	Payable turnover rate(times)	5	4	4	4	5	Note 2
	Days sales outstanding	1,259	1,404	1,352	2,607	1,106	Note 2
	Property, plant and equipment turnover rate (times)	41	20	14	8	16	Note 2
	Total asset turnover rate (times)	0.36	0.31	0.31	0.15	0.35	Note 2
Profitability	Return on assets (%)	10	8	7	3	7	Note 2
	Return on equity (%)	36.54	24.33	18.62	6.68	23.49	Note 2
	Pre-tax net profit to paid-in capital ratio (%)	124.49	84.64	67.35	23.42	81.01	Note 2
	Net profit rate (%)	28.65	25.85	20.73	13.08	19.77	Note 2
	Earnings per share(NT$)	11.44	7.06	5.57	1.69	6.01	Note 2
Cash Flow	Cash flow ratio (%)	14.59	11.05	2.32	Note 3	15.19	Note 2
	Cash flow adequacy ratio (%)	5.27	17.71	33.48	Note 3	71.79	Note 2
	Cash reinvestment ratio (%)	23.99	7.83	Note 3	Note 3	9.26	Note 2
Leverage	Operating leverage	1.09	1.13	1.17	1.44	1.14	Note 2
	Financial leverage	1.03	1.02	1.07	1.37	1.10	Note 2

Please explain the reasons of the financial ratio changes in the past two years. (Analysis may be omitted if the changes hadn't reached 20%.)

1.Quick ratio increase: incomes from finished cases and repayment for bank loans.
2.Interest coverage ratio increase: mainly due to an increase in pre-tax net profit and total income tax expense.
3.Receivable turnover rate (times) increase: mainly due to an increase in net sales in current period.
4.Average cash recovery day decrease: due to an increase in receivables turnover.
5.Inventory turnover rate (times) and receivable turnover rate (times) increase: mainly due to an increase in cost of sales in current period.
6.Payable turnover rate (times) increase: mainly due to an increase in cost of sales in current period.
7.Days sales outstanding decrease: due to an increase in inventory turnover rate (times) in current period.

8.Property, plant and equipment turnover rate (times) and total asset turnover rate (times) increase: mainly due to an increase in net sales in current period.
9.Return on assets and return on equity increase: mainly due to an increase in net profit after-tax in current period.
10.Pre-tax net profit to paid-in capital ratio increase: mainly due to an increase in pre-tax net profit in current period.
11.Earnings per share increase: mainly due to an increase in net profit after tax in current period.
12. Operating leverage and financial leverage decrease: mainly due to an increase in operating profit in current period.

Note 1: The financial analysis from 2014 to 2018 was certified by the CPAs.
Note 2: As of the date of publication of the annual report, accountants haven't provided financial analysis as of March 31, 2019.
Note 3: Minus changes in net cash flow from operating activities may be omitted.
Note 4: The financial ratios are calculated as follows:

1.Financial structure
(1)Debt to asset ratio =total liabilities / total assets
(2)Long term capital to property, plant and equipment ratio = (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)Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period

3.Operating capacity
(1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business)
(2)Average cash recovery date = 365 / receivables turnover rate
(3)Inventory turnover rate = sales cost / average inventory
(4)Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
(5)Days sales outstanding = 365 / inventory turnover rate
(6)Property, plant and equipment turnover rate = net sales / net average property, plant and equipment value
(7)Total asset turnover rate = net sales / average total assets

4.Profitability
(1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
(2) Return on equity = after tax profit and loss / average equity
(3) Net profit rate = after tax profit and loss / net sales
(4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares

5.Cash flow
(1) Cash flow ratio = net cash flow from operating activities / current liabilities.
(2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years
(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital)

6.Leverage
(1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit
(2) Financial leverage = operating profit / (operating profit - interest expense)

Note 5: Calculation formula for earnings per share above should pay careful attention to followed points:
1.Based on weighted average number of ordinary shares, but not the number of shares issued as of the end of the year.
2. Every capital increase or treasury stock transaction should consider calculating weighted average

number of shares during circulation period.

3. The capital injection from the surplus or the capital reserve to increase its capital should retroactive adjustment calculate its earnings per share in the past year or the past six months in proportion of capital increase; no need to consider the period of capital increase.

4.If the preferred shares are non-convertible cumulative preferred stock, the dividends of the year, whether they're issued or not, should be deducted from the net profit after tax, or be added to the net loss after tax. If the preferred shares are non-cumulative and have net profit after tax, the dividends should be deducted from the net profit after tax; no need for adjustment if they have loss.

Note 6: Paying careful attention to the cash flow analysis as followed points:

1.Net cash flow from operating activities means the net income in the net cash flow table.

2.Capital expenditure means investment spending per year.

3. Inventory would only be counted when the closing balance of prepaid rent is bigger than the beginning one. If the inventory in the end of the year has decreased, it should be shown as zero.

4. Cash dividend includes common stock and preferred shares.

5. Gross property, plant and equipment is the total amount of net of property, plant and equipment accumulated depreciation

Note 7: Issuer should differentiate every fixed and variable operating cost and operating expense by their natures. If estimation or subjective judgement is involved, be aware of its rationality and consistency.

Note 8: Company's shares without par value or a par value other than NT$10 is calculated based on interests ratio attributable to parent company owner in balance sheet, instead of pre-tax net profit to paid-in capital ratio.

2. Financial analysis - International Financial Reporting Standards (consolidated)

Item	Year	Financial analysis for the past five years (Note 1)				
		2014	2015	2016	2017	2018
Financial structure	Debt to asset ratio (%)	59	55	56	65	65
	Long term capital to property, plant and equipment ratio (%)	12,986	5,175	8,022	9,333	6,642
Solvency	Current ratio (%)	168	180	208	207	204
	Quick ratio (%)	32	35	27	28	36
	Interest coverage ratio	59	61	24	7	13
Operating capacity	Receivable turnover rate (times)	123	39	26	22	31
	Average cash recovery day	3	9	14	16	11
	Inventory turnover rate (times)	0.32	0.24	0.20	0.13	0.32
	Payable turnover rate(times)	10	7	7	6	16
	Days sales outstanding	1,141	1,521	1,825	2,808	1,141
	Property, plant and equipment turnover rate (times)	130	52	31	23	44
	Total asset turnover rate (times)	0.42	0.32	0.24	0.14	0.33
Profitability	Return on assets (%)	14	11	8	3	8
	Return on shareholders' equity (%)	38.77	24.72	18.23	5.91	21.14
	Pre-tax net profit to paid-in capital ratio (%)	117.15	75.45	57.17	17.99	61.45
	Net profit rate (%)	32.81	33.61	33.55	15.74	22.32
	Earnings per share(NT$)	11.44	7.06	5.57	1.69	6.01
Cash Flow	Cash flow ratio (%)	24.62	10.80	(Note 2)	1.70	5.57
	Cash flow adequacy ratio (%)	77.59	105.60	85.39	69.43	47.57
	Cash reinvestment ratio (%)	31.12	2.74	(Note 2)	(10.93)	(3.49)
Leverage	Operating leverage	1.05	1.35	1.20	1.38	1.11
	Financial leverage	1.02	1.02	1.08	1.24	1.10

Please explain the reasons of the financial ratio changes in the past two years. (Analysis may be omitted if the changes hadn't reached 20%.)

1.Long term capital to property, plant and equipment ratio decrease: mainly due to purchase of land and building for reception centers, thus causing an increase in net property, plant and equipment increase, and a decrease in long term capital to property, plant and equipment ratio
2. Quick ratio increase: mainly due to an increase in prepaid expenses in current period.
3. Interest coverage ratio increase:mainly due to an increase in pre-tax net profit.
4. Receivable turnover rate (times) increase: mainly due to an increase in operating revenue.
5. Average cash recovery day decrease: due to an increase in receivables turnover.
6.Inventory turnover rate (times) increase: mainly due to an increase in cost of sales in current period and average inventory.
7.Payable turnover rate(times) increase: mainly due to an increase in operating costs.
8. Days sales outstanding decrease: due to an increase in inventory turnover rate (times) in current period.
9.Property, plant and equipment turnover rate (times) and total asset turnover rate (times) increase: mainly due to an increase in operating revenue.
10. Return on assets and return on equity increase: mainly due to an increase in net profit after-tax in current period.
11. Pre-tax net profit to paid-in capital ratio increase: mainly due to an increase in pre-tax net profit in current period.
12. Net profit ratio increase: mainly due to an increase in net profit after-tax
13. Earnings per share increase: mainly due to an increase in net profit after tax in current period.
14. Cash flow ratio increase: mainly due to an increase in income from continuing operations before income tax

in current period.
15. Cash flow adequacy ratio decrease: mainly due to a decrease in cash flow in current period.
16. Cash reinvestment ratio increase: mainly due to an increase in net cash flow from operating activities in current period.
17. Operating leverage decrease: mainly due to an increase in operating profit in current period.

Note 1: The information above was certified by accountants.
Note 2: Minus changes in net cash flow from operating activities may be omitted.
Note 3: The financial ratios are calculated as follows:

1.Financial structure
(1)Debt to asset ratio =total liabilities / total assets
(2)Long term capital to property, plant and equipment ratio = (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)Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period

3.Operating capacity
(1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business)
(2)Average cash recovery date = 365 / receivables turnover rate
(3)Inventory turnover rate = sales cost / average inventory
(4)Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
(5)Days sales outstanding = 365 / inventory turnover rate
(6)Property, plant and equipment turnover rate = net sales/net average property, plant and equipment value
(7)Total asset turnover rate = net sales / average total assets

4.Profitability
(1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
(2) Return on equity = after tax profit and loss / average equity
(3) Net profit rate = after tax profit and loss / net sales
(4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares

5.Cash flow
(1) Cash flow ratio = net cash flow from operating activities / current liabilities.
(2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years
(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital)

6.Leverage
(1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit
(2) Financial leverage = operating profit / (operating profit - interest expense)

3. Audit Committee's Review Report on the Latest Financial Report

Highwealth Construction
Audit Committee's Review Report

The Board of Directors has prepared the financial statements, the business report and the earnings distribution table of the Company and Subsidiaries for the year of 2018, which was certified by the accountants who are ChienTinuan and Tseng Kuoyang of KPMG Certified Public Accountant Office. No discrepancy was found after the audit committee finished reviewing. Hereby, this report is issued under the Art. 14.4 of the Securities Exchange Law, and the Art. of 219 of the provisions of Company Act,please review it.

To
2019 Annual Shareholder's Meeting of Highwealth Construction

Audit Committee Convener: Hong Xiyao

March 19, 2019

4. Latest Financial Report

Representation Letter

The entities that are required to be included in the combined financial statements of Highwealth Construction Corp. as of and for the year ended December 31, 2018 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Highwealth Construction Corp. and its Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Highwealth Construction Corp.
Chairman: Jr-Lung, Jeng
Date: March 19, 2019

Independent Auditors' Report

To the Board of Directors of Highwealth Construction Corp.:

Opinion

We have audited the consolidated financial statements of Highwealth Construction Corp. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

We draw attention to Note 3(a) of the consolidated financial statements, which the Group initially adopted the IFRS 9 "Financial Instruments" at January 1, 2018, with no restatement of comparative period amounts. Our opinion is not modified in respect of this matter.

We draw attention to Note 3(a) of the consolidated financial statements, which the Group initially adopted the IFRS 15 "Revenue from Contracts with Customers" at January 1, 2018, with no restatement of comparative period amounts. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended December 31, 2018 of the Group. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Please refer to note 4(r) and 6(aa) of the consolidated financial statements for the account poliies on revenue recognition and the details of revenue.

   Description of key audit matter

   The real estate industry, in which the Group is into, has a higher tendency of revenue fluctuation, therefore the management has set up relevant internal control procedures. The Group's sales revenue was $43,863,790 thousands in 2018, whether revenue is presented fairly has a significant impact on financial statement. Therefore, the recognition of sales revenue is one of the most important evaluation in performing our audit procedures.

   Auditing procedures performed

   Our principal audit procedures included testing the effectiveness of the design and implementing the internal control system of sales revenue. Inspection of sales contracts, bank account transaction record and real estate ownership transfer document, etc.. Performing analytical procedures to advance payment to analyze the completeness of accounting procedures. Testing the samples of sales transaction before and after the end of the year to ensure the correctness of sales revenue.

2. Inventory valuation

   Please refer to note 4(h) and 5 of the consolidated financial statements for the accounting policies on measuring inventory, assumption used and uncertainties considered in determining the net realizable value and the details of inventory.

   Description of key audit matter

   As of December 31, 2018, inventory of the Group valued $91,742,520 thousands, constituting 70% of the consolidated total assets, which was presented with lower of cost or net realizable value method. The judgment of net realizable value of inventory relies on management since the Group focuses on real estate industry, which is not only deeply affected by politics, economics, and revolution of housing and land taxation, but also an industry involving a large portion of capital infusion and long-term payback. Thus, the valuation of inventory is one of the most important evaluation in performing our audit procedures.

   Auditing procedures performed

   Our principal audit procedures included understanding the Group’s operating and accounting procedures for inventory valuation. Obtain the Group management’s data of inventory valuation, inspecting and recalculating the net realizable value of inventory to ensure if it is adequate. The net realizable value can be assessed in both ways: through reviewing the recent selling price of the premises, or by inquiring the selling price of premises nearby from the “Actual Selling Price of Real Estate” website.

Other Matter

Highwealth Construction Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in 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 consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit.

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 consolidated financial statements for the year ended December 31, 2018 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 audit resulting in this independent auditors' report are Ti-Nuan Chien and Kuo Yang Tseng.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 15,052,306	12	10,412,644	8
1110	Financial assets at fair value through profit or loss－current (Notes 6(b) and 8)	630,174	1	729,325	1
1140	Current contract assets (Note 6(aa))	41,924	-	-	-
1150	Notes receivable, net (Notes 6(f) and 8)	1,478,259	1	692,227	1
1170	Accounts receivable, net (Note 6(f))	290,507	-	1,500,668	1
1190	Construction contracts receivable (Note 6(g))	-	-	68,366	-
130X	Inventory (Notes 6(h) and 8)	91,742,520	70	96,144,639	77
1410	Prepayment	420,992	-	1,906,267	2
1476	Other financial assets-current (Notes 6(o)、(aa)、(ae)、8 and 9(b))	4,410,835	3	4,986,975	4
1479	Other current assets, others	155,772	-	220,739	-
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 6(o))	771,251	1	-	-
		114,994,540	88	116,661,850	94
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	528,381	-	-	-
1523	Non-current available-for-sale financial assets (Note 6(d) and 8)	-	-	57,043	-
1543	Non-current financial assets at amortized cost (Note 6(e))	-	-	18,298	-
1550	Investments accounted for using equity method, net (Note 6(i))	96,190	-	-	-
1600	Property, plant and equipment (Notes 6(m) and 8)	3,288,941	3	2,366,802	2
1760	Investment property (Notes 6(n) and 8)	4,337,723	3	1,523,899	1
1780	Intangible assets	25,054	-	26,558	-
1840	Deferred tax assets (Note 6(x))	56,196	-	40,658	-
1980	Other non-current financial assets (Notes 6(o) and 8)	7,486,961	6	3,323,657	3
1990	Other non-current assets, others	87,105	-	87,105	-
		15,906,551	12	7,444,020	6
	Total assets	**$ 130,901,091**	**100**	**124,105,870**	**100**

	Liabilities and Equity	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6(p))	$ 42,621,570	32	41,722,634	34
2110	short-term transaction instrument payables (Note 6(q))	4,347,933	3	3,679,065	3
2130	Current contract liabilities (Note 6(aa))	3,356,938	3	-	-
2150	Notes payable	20,012	-	34,694	-
2170	Accounts payable	6,107,062	5	6,284,941	5
2190	Current contract liabilities (Note 6(g))	-	-	5,172	-
2200	Other payables (Note 7)	2,056,757	2	1,967,061	2
2230	Current tax liabilities	363,099	-	34,132	-
2250	Provisions－Current (Notes 6(t) and (w))	218,970	-	162,594	-
2305	Other financial liability-current	21,892	-	17,640	-
2310	Advanced receipts (Notes 6(v) and 9(a))	-	-	8,240,656	7
2321	Current Portion of puttable bonds (Note 6(s))	1,999,919	2	1,238,708	1
2322	Current portion of long-term borrowings (Note 6(r))	211,718	-	4,374	-
2399	Other current liabilities, others	333,494	-	470,657	-
		61,659,364	47	63,862,328	52
	Non-Current liabilities:				
2530	Bonds payable (Note 6(s))	23,083,924	18	22,486,489	18
2540	Long-term borrowings (Note 6(r))	5,766,522	4	3,153,161	3
2570	Deferred tax liabilities (Note 6(x))	248,056	-	248,056	-
2640	Net defined benefit liability, non-current (Note 6(w))	41,077	-	44,766	-
		29,139,579	22	25,932,472	21
	Total liabilities	90,798,943	69	89,794,800	73
	Equity attributable to owners of parent:				
3100	Common stock (Note 6(y))	11,666,266	9	11,666,266	9
3200	Capital surplus (Note 6(y))	304,459	-	2,572,169	2
	Retained earnings:				
3310	Legal reserve (Note 6(y))	6,307,154	5	6,114,228	5
3350	Unappropriated earnings	15,458,602	12	10,404,144	8
3400	Other equity (Note 6(y))	510,427	-	5,394	-
3500	Treasury stock (Note 6(y))	(66,761)	-	(69,429)	-
	Total equity attributable to owners of parent:	34,180,147	26	30,692,772	24
36XX	Non-controlling interests (Note 6(l))	5,922,001	5	3,618,298	3
	Total equity	40,102,148	31	34,311,070	27
	Total liabilities and equity	**$ 130,901,091**	**100**	**124,105,870**	**100**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(g)、(aa) and (ab))**	$ 44,204,971	100	18,670,048	100
5000	**Operating cost (Note 6(h))**	31,032,093	70	13,696,981	73
	Gross profit from operations	13,172,878	30	4,973,067	27
	Operating expenses:				
6100	Selling expenses	2,377,040	5	1,181,577	6
6200	Administrative expenses	1,292,476	3	1,160,316	6
		3,669,516	8	2,341,893	12
	Net operating income	9,503,362	22	2,631,174	15
	Non-operating income and expenses:				
7010	Other income (Notes 6(ad) and 7)	696,204	2	515,729	3
7020	Other gains and losses (Note 6(ad))	125,762	-	293,849	1
7050	Finance costs, net (Note 6(ad))	(872,646)	(2)	(707,739)	(4)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(i))	(1,810)	-	-	-
	Total non-operating income and expenses	(52,490)	-	101,839	-
	Profit from continuing operations before tax	9,450,872	22	2,733,013	15
7950	**Less: Tax expense (Note 6(x))**	712,541	2	290,388	2
	Profit	8,738,331	20	2,442,625	13
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(w))	2,141	-	4,549	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	45,478	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	47,619	-	4,549	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(92)	-	(72)	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	3,246	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(92)	-	3,174	-
8300	**Other comprehensive income**	47,527	-	7,723	-
	Total comprehensive income	**$ 8,785,858**	**20**	**2,450,348**	**13**
	Profit, attributable to:				
8610	Profit, attributable to owners of parent company	$ 6,856,144	16	1,929,261	10
8620	Profit, attributable to non-controlling interests	1,882,187	4	513,364	3
		$ 8,738,331	**20**	**2,442,625**	**13**
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent company	$ 6,903,671	16	1,936,984	10
8720	Comprehensive income, attributable to non-controlling interests	1,882,187	4	513,364	3
		$ 8,785,858	**20**	**2,450,348**	13
	Earnings per share (Note 6(z))				
9750	Basic earnings per share	**$**	**6.01**		**1.69**
9850	Diluted earnings per share	**$**	**5.28**		**1.69**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent													
	Share capital		Retained earnings				Total other equity interest							
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2017	$ 11,666,266	2,583,914	5,479,307	1,529	14,907,090	20,387,926	508	-	1,712	2,220	(62,057)	34,578,269	4,152,077	38,730,346
Profit	-	-	-	-	1,929,261	1,929,261	-	-	-	-	-	1,929,261	513,364	2,442,625
Other comprehensive income	-	-	-	-	4,549	4,549	(72)	-	3,246	3,174	-	7,723	-	7,723
Total comprehensive income	-	-	-	-	1,933,810	1,933,810	(72)	-	3,246	3,174	-	1,936,984	513,364	2,450,348
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	634,921	-	(634,921)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(5,684,971)	(5,684,971)	-	-	-	-	-	(5,684,971)	-	(5,684,971)
Reversal of special reserve	-	-	-	(1,529)	1,529	-	-	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	(148,162)	-	-	-	-	-	-	-	-	-	(148,162)	-	(148,162)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	133,261	-	-	-	-	-	-	-	-	-	133,261	-	133,261
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(118,393)	(118,393)	-	-	-	-	-	(118,393)	118,393	-
Changes in ownership interests in subsidiaries	-	3,156	-	-	-	-	-	-	-	-	(7,372)	(4,216)	4,216	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(1,169,752)	(1,169,752)
Balance at December 31, 2017	11,666,266	2,572,169	6,114,228	-	10,404,144	16,518,372	436	-	4,958	5,394	(69,429)	30,692,772	3,618,298	34,311,070
Effects of retrospective application	-	-	-	-	325,579	325,579	-	471,689	(4,958)	466,731	-	792,310	43,550	835,860
Equity at beginning of period after adjustments	11,666,266	2,572,169	6,114,228	-	10,729,723	16,843,951	436	471,689	-	472,125	(69,429)	31,485,082	3,661,848	35,146,930
Profit	-	-	-	-	6,856,144	6,856,144	-	-	-	-	-	6,856,144	1,882,187	8,738,331
Other comprehensive income	-	-	-	-	2,141	2,141	(92)	45,478	-	45,386	-	47,527	-	47,527
Total comprehensive income	-	-	-	-	6,858,285	6,858,285	(92)	45,478	-	45,386	-	6,903,671	1,882,187	8,785,858
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	192,926	-	(192,926)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,740,607)	(1,740,607)	-	-	-	-	-	(1,740,607)	-	(1,740,607)
Cash dividends from capital surplus	-	(2,342,586)	-	-	-	-	-	-	-	-	-	(2,342,586)	-	(2,342,586)
Due to donated assets received	-	3,396	-	-	-	-	-	-	-	-	-	3,396	-	3,396
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	93,282	-	-	-	-	-	-	-	-	-	93,282	-	93,282
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(202,957)	(202,957)	-	-	-	-	-	(202,957)	-	(202,957)
Changes in ownership interests in subsidiaries	-	(21,802)	-	-	-	-	-	-	-	-	2,668	(19,134)	19,134	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	358,832	358,832
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	7,084	7,084	-	(7,084)	-	(7,084)	-	-	-	-
Balance at December 31, 2018	$ 11,666,266	304,459	6,307,154	-	15,458,602	21,765,756	344	510,083	-	510,427	(66,761)	34,180,147	5,922,001	40,102,148

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Profit before tax	$ 9,450,872	2,733,013
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	92,455	84,167
Amortization expense	10,307	10,746
Expected credit loss / Provision (reversal of provision) for bad debt expense	-	2,503
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	149,629	(314,256)
Interest expense	872,646	707,739
Interest income	(28,774)	(21,698)
Dividend income	(95,739)	(39,947)
Share of loss of associates and joint ventures accounted for using equity method	1,810	-
Loss on disposal of property, plan and equipment	10,840	3,087
Loss (gain) on disposal of investment properties	(288,513)	3,826
Gain on disposal of investments	-	(2)
Other revenue, overdue dividends and compensation of board and directors	3,396	-
Total adjustments to reconcile profit (loss)	728,057	436,165
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets held for trading	-	(27,130)
Net gain on financial assets or liabilities at fair value through profit or loss	(50,478)	-
Decrease in contract assets	240,472	-
Increase in notes receivable	(786,032)	(15,358)
Decrease (increase) in accounts receivable	996,131	(874,769)
Increase in construction contracts receivable	-	(2,827)
Decrease (increase) in inventories	2,296,129	(5,589,824)
Decrease (increase) in prepayments	370,780	(55,316)
Decrease (increase) in other current assets	64,967	(38,510)
Decrease in other financial assets	800,467	243,916
Decrease in assets recognised as incremental costs to obtain contract with customers	697,828	-
Total changes in operating assets	4,630,264	(6,359,818)
Changes in operating liabilities:		
Decrease in contract liabilities	(4,888,890)	-
Decrease in notes payable	(14,682)	(16,942)
Decrease in accounts payable	(177,877)	(258,944)
Decrease in construction contracts receivable	-	(188,747)
Increase (decrease) in other payables	71,140	(485,037)
Increase in provisions	56,376	2,425
Increase in receipts in advance	-	1,243,730
Increase in other financial liabilities	4,252	3,270
(Decrease) increase in other current liabilities	(137,163)	188,635
(Decrease) increase in net defined benefit liability	(1,548)	190
Total changes in operating liabilities	(5,088,392)	488,580
Total changes in operating assets and liabilities	(458,128)	(5,871,238)
Total adjustments	269,929	(5,435,073)
Cash inflow generated from operations	9,720,801	(2,702,060)
Income taxes paid	(356,234)	(461,585)
Net cash flows from (used in) operating activities	9,364,567	(3,163,645)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (CONT'D)
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	59,169	-
Proceeds from capital reduction of financial assets at cost	-	2
Acquisition of investments accounted for using equity method	(98,000)	-
Net cash flow from acquisition of subsidiaries	-	(3,630,739)
Acquisition of property, plant and equipment	(719,085)	(29,473)
Proceeds from disposal of property, plant and equipment	-	1,494
Acquisition of intangible assets	(8,831)	(11,746)
Acquisition of investment properties	(531,548)	(132,882)
Proceeds from disposal of investment properties	446,454	30,310
Increase in prepayments for business facilities	-	(2,178)
Interest received	28,393	21,491
Dividends received	95,739	39,947
Net cash flows from (used in) investing activities	(727,709)	(3,713,774)
Cash flows from (used in) financing activities:		
Increase in short-term loans	26,200,549	33,996,073
Decrease in short-term loans	(24,507,163)	(29,350,329)
Increase in short-term notes and bills payable	668,868	313,586
Proceeds from issuing bonds	2,497,500	11,993,705
Proceeds from long-term debt	2,103,511	-
Repayments of long-term debt	(71,026)	(4,320)
Increase in other financial liabilities	(4,432,244)	(1,942,035)
Cash dividends paid	(3,989,911)	(5,699,872)
Interest paid	(1,370,631)	(1,288,917)
Changes in non-controlling interests	(1,096,582)	(1,299,686)
Net cash flows from (used in) financing activities	(3,997,129)	6,718,205
Effect of exchange rate changes on cash and cash equivalents	(67)	(58)
Net increase (decrease) in cash and cash equivalents	4,639,662	(159,272)
Cash and cash equivalents at beginning of the year	10,412,644	10,571,916
Cash and cash equivalents at end of the year	**$ 15,052,306**	**10,412,644**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

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

(1) Company history

Highwealth Construction Corp. (the "Company") was incorporated in Jaunary 1980 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). Originally known as Yufu Construction Co., Ltd. after several times of rename. It changed its name to Hongju Construction Co., Ltd. after the acquisition of Hongju Construction Co., Ltd. in May 1989. Hongju Construction acquired Highwealth Construction Corp. in 2000 and changed its name to Highwealth Construction Corp. in May 2003. The Company's registered address is 10F, No.267, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) The consolidated financial statements of the Company as of and for the year ended December 31, 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group primarily engages in the business of construction, sales, and leasing of residential and commercial buildings, please refer to note 14 for the Group's main business activities.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on March 19, 2019.

(3) New standards, amendments and interpretations adopted:

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

The Group has prepared its consolidated financial statements in conformity with the following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The Group uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

1) Revenue from sales of real estate

The current sales of real estate contracts are handled in accordance to the sales of commodity agreement. Revenue is recognized when the construction of the premises is completed and delivered to the customer since revenue and cost at that point in time can be reliably measured, the selling price is likely to be recovered, and the Group no longer participates in the management of the commodity. Under International Financial Reporting Standards 15, it is necessary to assess whether the contractual commitments will gradually satisfy performance obligations over time or meet performance obligations at a certain point in time. The Group's preliminary assessment of the contract for the sales of real estate still meets the performance obligations at a certain point in time, and since the time of transfer and control of major risks and rewards from the ownership of the premises to customer is similar; thus does not have a significant impact.

2) Major financing components - Prepayment of premises

The current standard has not stipulated the imputed interest for prepayment of premises, thus, the Group has not currently adjusted the consideration for the pre-acquisition. Under International Financial Reporting Standard 15, prepayments should also be assessed to ensure whether it contains significant financial component to determine whether adjustments are required to reflect the effect of the time value of money. Based on individual contracts, the Group pre-assesses the contract price and the current sales price, which does not contain significant financing factors; thus, does not have a significant financial component. It is expected to not have any significant impact on the consolidated financial statement.

3) Construction contracts

Contract revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognized, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date. Under IFRS 15, claims and variations will be included in the contract when they are approved and carried out as the modification of the contract. Based on its assessment, the Group does not expect the application of IFRS 15 to have any significant impact on its consolidated financial statements.

4) Incremental costs of acquiring customer contracts

The Group commissioned advertisers and the selling department of the Group to sale real estates, the current expenditures are recognized as acquisition of capitalized contract costs, and are recognized as expenses when they are sold in real estate; if they do not meet the requirements, they are immediately recognized as expenses when they occur. Under International Financial Reporting Standard No. 15, if it meets the expected incremental cost of requisitioning customer contracts through sales of premises, it should be classified as an asset and be consistent with the transfer of the pre-sale house to the customer. As a result, the incremental costs of acquiring the customer contracts, which are qualified to be recognized as assets, will be reclassified to expenses when the prepayment of premises reclassified as revenue.

5) Impacts on financial statements

The following tables summarize the impacts of adopting IFRS15 on the Group's consolidated financial statements:

	December 31, 2018			January 1, 2018		
Impacted line items on the consolidated balance sheet	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**
Contract Asset	$ -	41,924	41,924	-	282,396	282,396
Accounts receivable	306,404	(15,897)	290,507	1,500,668	(214,030)	1,286,638
Construction contract receivable	26,027	(26,027)	-	68,366	(68,366)	-
Prepayment	927,805	(506,813)	420,992	1,906,267	(1,099,950)	806,317
Commision	-	771,251	771,251	-	1,469,079	1,469,079
Impact on assets		**$ 264,438**			**369,129**	

(Continued)

Impacted line items on the consolidated balance sheet	December 31, 2018 Balances prior to the adoption of IFRS 15	December 31, 2018 Impact of changes in accounting policies	December 31, 2018 Balance upon adoption of IFRS 15	January 1, 2018 Balances prior to the adoption of IFRS 15	January 1, 2018 Impact of changes in accounting policies	January 1, 2018 Balance upon adoption of IFRS 15
Contract Liability	$ -	3,356,938	3,356,938	-	8,245,828	8,245,828
Construction contract payable	312	(312)	-	5,172	(5,172)	-
Advanced receipt	3,356,626	(3,356,626)	-	8,240,656	(8,240,656)	-
Impact on liabilities		$ -			-	
Retained earnings	$ 21,504,277	261,479	21,765,756	16,518,372	325,579	16,843,951
Non-controlling interest	5,919,042	2,959	5,922,001	3,618,298	43,550	3,661,848
Impact on equity		$ 264,438			369,129	

Impacted line items on the consolidated income statement	For the year ended December 31, 2018 Balances prior to the adoption of IFRS 15	Impact of changes in accounting polices	Balance upon adoption of IFRS 15
Operating revenues	$ 44,204,971	-	44,204,971
Operating costs	(31,032,093)	-	(31,032,093)
Selling expenses	(2,272,349)	(104,691)	(2,377,040)
Administrative expenses	(1,292,476)	-	(1,292,476)
Non-operating income and expenses	(52,490)	-	(52,490)
Impact on profit before income tax		(104,691)	
Income tax expenses	(706,995)	-	(706,995)
Impact on Profit		(104,691)	
Basic earnings per share	$ 6.07	(0.06)	6.01
Diluted earnings per share	$ 5.33	(0.05)	5.28

Impacted line items on the consolidated statement of cash flows	For the year ended December 31, 2018 Balances prior to the adoption of IFRS 15	Impact of changes in accounting polices	Balance upon adoption of IFRS 15
Cash flows from (used in) operating activities:			
Profit before tax	$ 9,555,563	(104,691)	9,450,872
Adjustments:			
Contract assets	-	240,472	240,472
Accounts receivable	1,194,264	(198,133)	996,131
Comstruction Contract Receivable	42,339	(42,339)	-
Prepayment	963,917	(593,137)	370,780
Commision	-	697,828	697,828
Contract Liability	-	(4,888,890)	(4,888,890)
Comstruction Contract Receivable	(4,860)	4,860	-
Advanced receipt	(4,884,030)	4,884,030	-
Impact on cash flows from operating activities		104,691	
Impact on net cash flows from operating activities		$ -	

(ii) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(g).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(g).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under

IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

  －The determination of the business model within which a financial asset is held.

  －The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  －The designation of certain investments in equity instruments not held for trading as at FVOCI.

- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group assumed that the credit risk on its asset will not increase significantly since its initial recognition.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

	IAS39		IFRS9	
	Measurement categories	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Financial Assets				
Cash and equivalents	Loans and receivables	10,412,644	Amortized cost	10,412,644
Equity instruments	Financial assets measured at amortized cost (note 1)	18,298	Mandatorily at FVTPL	485,029
	Available-for-sale	57,043	FVOCI	57,043
Trade and other receivables	Loans and receivables (note 2)	2,192,895	Amortized cost	2,192,895
Other financial assets	Loans and receivables	8,310,632	Amortized cost	8,310,632

Note1: For those equity instruments (including financial assets measured at amortized cost) indicate that the Group intention for long term investment. Under IFRS 9, the group designated the investment as fair value through other comprehensive income at the beginning of the report date. Consequently, the amount of book value and other equity increase $466,731 thousand.

Note2: Trade, lease and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through other comprehensive income						
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 75,341	-	-		-	-
Available for sale to FVOCI	-	-	466,731		-	466,731
Total	$ 75,341	-	466,731	542,072	-	466,731

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16 “Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

1) Determining whether an arrangement contains a lease

On the transition of IFRS 16, the Group can choose to apply either of the following:

- IFRS 16 definition of a lease to all its contracts; or
- a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to be exempted from the reassessment of whether a contract is or contains a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Group can apply the standard using either of the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group chooses to elect the following practical expedients:

- apply a single discount rate to a portfolio of leases with similar characteristics.
- adjust the right-of-use assets, based on the amount reflected in IAS 37 onerous contract provision, immediately before the date of initial application, as an alternative to an impairment review.
- apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.
- exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for the operating leases of its buildings and real estates. The Group estimated that the right-of-use assets, construction in progress and the lease liabilities to increase by 507,233 thousand, increase by 7 thousand and increase by 522,339 thousand respectively, as well as the retained earnings and non-controlling interests to decrease by 14,959 thousand

and 140 thousand on January 1, 2019. Besides, The Group does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Group assessed that the above IFRSs may not be relevant to the Group.

(4) Summary of significant accounting policies:

The accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

The following significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements unless otherwise specified.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as “IFRS endorsed by the FSC”).

(b) Basis of preparation

(i) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments.

1) Financial instruments measured at fair value through profit or loss are measured at fair value;

2) Fair value through other comprehensive income (Available-for-sale financial assets) are measured at fair value;

3) The defined benefit liabilities (assets) is recognized as the fair value of the plan assets less the present value of defined benefit obligation and the upper limit impact mentioned in Note 6(s).

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The Group’s consolidated financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All the financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles for preparing consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. The financial statements of subsidiaries are adjusted fairly, so that the accounting policies are the same within the Group.

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of non-controlling interest and its consideration is recognized as owner's equity.

(ii) List of subsidiaries in the consolidated financial statements:

			Shareholding		
Name of investor	**Subsidiaries**	**Principal activity**	**December 31, 2018**	**December 31, 2017**	**Description**
The Company	Chyi Yuh Construction Co., Ltd.	Constrction Industry Residence and Buildings Lease Construction	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Ace Riches International Corp.	Residence and Buildings Lease Construction	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Highwealth Real Estate Co., Ltd. (Note 2)	Real estate broker agent and real estate commerce	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Jin Jyun Construction Co., Ltd.	Construction Industry、Residence and Buildings Lease Construction	- % (Note 3)	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Xingfuyu Trading (Xiamen) Co., Ltd.	Wholesale of construction Material	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly

(Continued)

Name of investor	Subsidiaries	Principal activity	Shareholding December 31, 2018	Shareholding December 31, 2017	Description
The Company	Quan Xiang Trading (Shanghai) Co., Ltd.	Wholesale of construction Material	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Run Long Construction Co., Ltd.	Waste treatment、Residence and Buildings Lease Construction	3.60% (Note 1)	2.58% (Note 1)	The Company doesn't hold more than 50% of interest directly and indirectly but have substantial controlling power and considered as subsidiary
The Company	Yeh Kee Enterprise Co., Ltd.	Residence and Buildings Lease Construction	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Bijiang Enterprise Co., Ltd.	Residence and Buildings Lease Construction	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Highwealth Construction Co., Ltd.	Construction Industry、Residence and Buildings Lease Construction	100.00%	- %	The Company hold more than 50% interest of the subsidiary directly
CHYI YUH	Bo Yuan Construction Co., Ltd.	Residence and Buildings Lease Construction	100.00%	100.00%	Chyi Yuh hold more than 50% interest of the subsidiary directly
CHYI YUH	Guang Yang Investment Co., Ltd.	Investment industry	100.00%	100.00%	Chyi Yuh hold more than 50% interest of the subsidiary directly
CHYI YUH	Well Rich International Co., Ltd.	Wholesale of construction Material	100.00%	100.00%	Chyi Yuh hold more than 50% interest of the subsidiary directly
CHYI YUH	Run Long Construction Co.	Waste treatment、Residence and Buildings Lease Construction	2.93% (Note 1)	3.08% (Note 1)	Chyi Yuh doesn't hold more than 50% of interest directly and indirectly but have substantial controlling power and considered as subsidiary
Guang Yang	Run Long Construction Co.	Waste treatment、Residence and Buildings Lease Construction	5.45% (Note 1)	6.91% (Note 1)	Guang Yang doesn't hold more than 50% of interest directly and indirectly but have substantial controlling power and considered as subsidiary
Run Long Construction	Jin Jyun Construction Co., Ltd.	Construction Industry、Residence and Buildings Lease Construction	100.00% (Note 3)	- %	Run Long hold more than 50% interest of the subsidiary directly

Note 1: The controlling interest of the Group's changes because the Run Long Construction has secured convertible bonds converted into new shares in each period.

Note 2: Hongliang Entertainment changed its name to Highwealth Real Estate Co., Ltd. in July 2018.

Note 3: The Group restructured the organization in September, 2018 for business development and management efficiency. The Company sold 100% of Jin Jyun Construction Co., Ltd. to Run Long Construction Co., Ltd.

(iii) Subsidiary established by the Group in the current period:

The Group passed the resolution of the Board of Directors to establish Highwealth Construction Co., Ltd. on November 13, 2018. The shareholding of the Group is 100% and the investment amount is $5,000 thousand.

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

(d) Foreign currencies

(i) currencies transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) Fair value through other comprehensive income (available-for-sale) equity investment;

2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) Qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated at the average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Current and non-current distinction

An asset is classified as current when

(i) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) The Group holds the asset primarily for the purpose of trading;

(iii) The Group expects to realize the asset within twelve months after the reporting period;

(iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when

(i) The Group expects to settle the liability in its normal operating cycle;

(ii) The Group holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period;

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand, demand deposits, cash equivalents are highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.They are reported as cash equivalents.

(g) Financial instruments

(i) Financial assets (Policy applicable from January 1, 2018)

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

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

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group’s right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Business model assessment

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable,guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data.

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 90 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial assets (policy applicable before January 1, 2018)

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

1) financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b) Performance of the financial asset is evaluated on a fair value basis

c) A hybrid instrument contains one or more embedded derivatives

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and included in other income and loss under the non-operating income and expenses .A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

2) Available for sale financial assets

Available for sale financial assets are non derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available for sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and included in the other income or loss under non-operating income and expenses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Group’s right to receive payment is established, which in the case of quoted securities is normally the ex dividend date. Such dividend income is included in other income under non-operating income and expenses.

Interest income from investment in bond security is recognized in profit or loss, under other income of non operating income and expenses.

3) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.including account receivable 、other receivable and debt investment in inavtive market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short term receivables are measured at amortized cost using the effective interest method, less any impairment losses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Interest income is recognized in profit or loss, and it is included in non operating income and expenses.

4) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is considered objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than the those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for accounts receivable, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before the impairment was recognized at the reversal date.

Impairment losses recognized on an available for sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Impairment losses and recoveries of accounts receivable are recognized in profit or loss; impairment losses and recoveries of other financial assets are recognized in other income and expenses in non-operating income and expenses.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

Preference share is classified as equity if it is non-redeemable, or redeemable only at the Group’s option, and any dividends are discretionary. Discretionary dividends thereon are recognized as distributions within equity upon approval by the Group’s shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, and included in finance cost in non-operating income and expenses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial liabilities are classified as held for trading if acquired principally for the purpose of selling in the short term. The Group designates financial liabilities, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations.

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis.

b) Performance of the financial liabilities is evaluated on a fair value basis.

c) A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and included in financial cost in non-operating income and expenses.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

A financial liability at fair value through profit or loss is measured at cost if it is a short sale of unquoted equity investment whose fair value cannot be reliably measured and the short seller is obligated to deliver the equity instrument.

3) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss(including long-term borrowing and short-term borrowing 、 account payable and other payable) are measured at fair value, plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in operating costs.

(h) Inventory

(i) Construction industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The inventory of construction business are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in bringing them to their existing location and condition and capitalized borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realizable value is estimated as follows:

1) Land held for development

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

2) Construction-in-progress

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.

3) Properties and land held for sale

Net realizable value is the estimated selling price (refer to the market condition estimated by authority)in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.

(ii) Manufacturer

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Construction contracts (policy applicable before January 1, 2018)

Construction contracts in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to dateless progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group’ s contract activities based on normal operating capacity.

Construction contracts in progress is presented as the amount due from customers for contract work in the balance sheets for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as amount due to customers for contract work in the balance sheets.

(j) Joint Arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics(a) the participants are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the entity is exempted from applying the equity method as specified in that Standard.

When assessing the classification of a joint arrangement, the Group shall consider the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of raw materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use, and capitalized borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(l) Propery, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately unless the useful life and depreciation method of that significant part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expenses

(ii) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(iii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately.

Leased assets are depreciated by the straight line method during the period of expected use, consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(1) Buildings	3～50 years
(2) Equipment	3～6 years
(3) Transportation equipment	5 years
(4) Office equipemnt	3～8 years
(5) Other equipment	2～15 years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

(m) Lease

(i) Lessor

A finance lease asset is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the net investment in the leased asset. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) Lessee

Other leases are operating leases and are not recognized in the Group’s balance sheets.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

The incentive provided for lease recognize as the deduction for the lease payment under the straight-line basis over the term of the lease.

Contingent rent is recognized as expense in the period in which it is incurred.

(n) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset less its residual value. Except for goodwill and intangible assets with indefinite useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows.

(1) Goodwill and trade mark	1～10 years
(2) Computer software	1～3 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(o) Impairment of non-financial assets

The carrying amounts of the Group’ s non financial assets, other than assets arising from construction contracts, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’ s recoverable amount is estimated. If it is not possible to determine the recoverable amount (the higher of its fair value less costs of disposal and its value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset’ s cash generating unit (CGU).

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

If there is any change of the estimation of the recoverable amount ,an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Goodwill and intangible assets with indefinite useful lives or those not yet in use are tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer’ s CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination.

If the carrying amount of each of the CGUs exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(i) Warranties

A provision for warranties is recognized when the constructions are completed. The provision is based on historical warranty data, and a weighting of all possible outcomes against their associated probabilities. When warranty expense occurs, it would be written off the warranty provision which was recognized before, or warranty expense would be recognized as expense in the current period.

(q) Treasury stock

When the Group takes back treasury stocks that has been issued, the treasury stock would be taken as a deduction in equity, according to the price of the treasury stock (including direct costs) and the treasury stock after net income. The difference between the prices of the treasury stocks sold that has a higher price than its face value is listed as the access paid-in-capital (trade in treasury stock). When the price is lower than the face value, the difference is offset against the capital reserve generated by the exchange of the same type of treasury stock. If there is not enough, it would be debited to retaining earnings. The face value of the treasury stock uses weighted average and is calculated separately according to the reasons returned.

(r) Revenue

(i) Revenue from contracts with customers (policy applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group’s main types of revenue are explained below.

1) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

2) Construction contracts

The Group enters into contracts to build residential properties, commercial buildings and public constructions. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations (for example, a penalty payment calculated based on delay days) the Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For residential properties, commercial buildings and public constructions, the Group offers a standard warranty to provide assurance that they comply with agreed-upon specifications and has recognized warranty provisions for this obligation; please refer to note 6(t).

3) Revenue from services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset.

The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

4) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Revenue (policy applicable before January 1, 2018)

1) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that a discount will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

2) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims, and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bears to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

3) Services

The Group provides services of recycling residue from incinerator to its customers. Revenue is recognized in profit or loss with the recycled amount at the reporting date. Relevant cost and expense is recognized at the occuring time of revenue.

(iii) Contract costs—incremental costs of obtaining a contract (policy applicable from January 1, 2018)

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group' s net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted from the aforesaid discounted present value. The discount rate is the yield at the reporting date on (market yields of high quality government bonds) bonds that have maturity dates approximating the terms of the Group' s obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss immediately.

Re-measurement of net defined benefit liability (asset) (including actuarial gains, losses and the return on plan asset and changes in the effect of the asset ceiling, excluding any amounts included in net interest) is recognized in other comprehensive income (loss). The effect of re-measurement of the defined benefit plan is charged to retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and change in the present value of defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(t) Income Taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses that are related to business combinations, expenses recognized in equity or other comprehensive income directly, and other related expenses, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following:

(i) Assets and liabilities that are initially recognized from non-business combination transactions, with no effect on net income or taxable gains (losses).

(ii) Temporary differences arising from equity investments on subsidiaries or joint ventures, where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred taxes are measured based on the statutory tax rate on the reporting date or the actual legislative tax rate during the year of expected asset realization or debt liquidation.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) if the entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intend to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation; or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for unused tax losses available for carry-forward, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits and deductible temporary differences are also re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

(u) Business combination

Goodwill is measured at the consideration transferred less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the amount of net assets acquired and liabilities assumed exceeds the acquisition price, the Group reassesses whether it has correctly identified all of the assets acquired and liabilities assumed, and recognizes a gain for the excess.

All transaction costs relating to a business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

The Group shall measure any non controlling interests in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other non controlling interests are evaluated by their fair value or by another basis permitted by the IFRSs endorsed by the FSC.

(v) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration of employees and employee stock options.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment regarding control of subsidiaries

Although the Group owns less than half of Run Long Construction Co., Ltd. and has less than half its voting rights, management has determined that the Group controls the entity. The Group has control over Run Long Construction Co., Ltd. on a de facto basis, Run Long Construction Co., Ltd. is considered a subsidiary.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Inventory valuation

Inventories are measured at the lower of cost and net realizable value. The Group's evaluate the selling price in the market is below the cost, and write off the cost of inventory to net realizable value. The estimation of net realizable value is based on current market conditions . Please refer note 6(h) for inventory valuation.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The fair value measurement of investment property is based on the website of Department of Land Administration and estate agency's website or the close deal in similar district.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. For assumptions used in measuring fair value.Please refer notes as follows:

(a) Note 6(n) Investment property.

(b) Note 6(ae) Financial instruments.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2018	December 31, 2017
Bank overdrafts used for cash management purposes	$	4,010	2,873
Demand Deposits		14,948,296	10,249,771
Time Deposits		100,000	160,000
Cash and cash equivalent	**$**	**15,052,306**	**10,412,644**

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

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

	December 31, 2018	December 31, 2017
Mandatorily measured at fair value through profit or loss:		
Stocks listed on domestic markets	$ 629,174	-
Put Options and call options	1,000	-
Financial assets held-for-trading:		
Stocks listed on domestic markets	-	728,325
Put Options and call options	-	1,000
Total	$ 630,174	729,325

For the net gain or loss on fair value on financial instruments at FVTPL, please refer to note 6(ad).

For credit risk and market risk; please refer to note 6(ae).

As of December 31, 2018 and 2017, the financial assets at fair value through profit and loss of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

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

	December 31, 2018
Equity investments at fair value through other comprehensive income:	
Unlisted Common Share	$ 528,381

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity investment at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes and not hold for sale. Therefore, these investments were classified as available-for-sale and financial assets measured at costs in December 31, 2017.

In 2018, the Group has sold its shares at a fair value of $59,169 thousands and the Group realized a gain of $7,084 thousands, which is already included in other comprehensive income. The gain has been transferred to retained earnings.

(ii) For credit risk (including the impairment of debt investments) and market risk; please refer to note 6(ae).

(iii) As of December 31, 2018, the financial assets at fair value through other comprehensive income of the Group hadn’t pledged as collateral for long-term borrowings.

(d) Available-for-sale financial assets

	December 31, 2017
Investments in listed securities:	
Stock listed on markets	$ 57,043

(i) These investments above were classified as financial assets at fair value through other comprehensive income on December 31, 2018; please refer to note 6(c).

(ii) For credit risk (including the impairment of debt investments) and market risk; please refer to note 6(ae).

(iii) As of December 31, 2017, the financial assets at fair value through other comprehensive income of the Group hadn' t pledged as collateral for long-term borrowings.

(e) Financial assets measured at cost

	December 31, 2017
Stocks unlisted on domestic markets	$ 18,298

(i) The Group hold for the investment above, it measured by cost deduct impairment at the year ended 2017. As of December 31, 2018, these investments above were classified as financial assets at fair value through other comprehensive income, please refer to note 6(c).

(ii) For credit risk and market risk, please refer to note 6(ae).

(iii) As of December 31, 2017, financial assets measured at amortized costs of the Group hadn' t been pledged as collateral for long-term borrowings.

(f) Note and account receivables

	December 31, 2018	December 31, 2017
Note receivables	$ 1,480,259	694,227
Trade receivables	293,510	1,503,671
Less:loss allowance	5,003	5,003
	$ 1,768,766	2,192,895

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The expected credit losses of the note receivables and trade receivables for the year ended December 31, 2018 was as followed:

	Gross carrying amount	Weighted-average loss rate	Loss allowance Provision
Current	$ 1,768,766	-	-
365 days past due	5,003	100%	5,003
	$ 1,773,769		5,003

As of December 31, 2017, the Group applies the incurred loss model to consider the loss allowance provision of notes and trade receivable, and the aging analysis of notes and trade receivable was as follows:

	December 31, 2017
Current	$ 2,192,895
365 days past due	5,003
	$ 2,197,898

The Group recognized impairment losses for $2,503 thousands for the year ended December 31, 2017. It hadn't recognized loss allowance and reversed in 2018.

(g) Construction contracts

Construction revenue recognized in profit or loss for the year ended December 31, 2017 was as follows:

	For the year ended December 31, 2017
Construction revenue recognized in current profit or loss	$ 730,068

	December 31, 2017
Accumulated costs incurred (including contract costs that relate to future activity of the contract)	$ 474,416
Add:Accumulated profit and losses recognized arising from the construction	16,740
Accumulated costs and profit recognized (less, losses recognized)	491,156
less:Progress billings	427,962
	$ 63,194
Amount due from customers for contract work – presented as an asset	$ 68,366
Amount due to customers for contract work – presented as a liability	$ 5,172

For the amount of contract balance on December 31, 2018 and revenue recognized for the year ended December 31, 2018, please see Note6(aa).

(h) Inventory

	December 31, 2018	December 31, 2017
Spare parts	$ 11,085	13,036
Raw materials and consumables	32	1,806
Finished goods	1,342	54,632
Total	12,459	69,474
Properties and land held for sale	$ 27,756,439	24,711,616
Land held for construction sites	23,965,713	21,978,453
Construction in progress	38,602,850	48,924,217
Prepaid for land purchase	1,405,059	460,879
Total	91,730,061	96,075,165
In total	**$ 91,742,520**	**96,144,639**

For the years ended December 31, 2018 and 2017, the cost of good sold recognized in consolidated comprehensive income amounted to $30,908,868 thousands and $13,006,642 thousands, respectively. For the years ended December 31, 2018 and 2017 because parts of properties and land held for sale had been sold, the factor led to net realizable value below cost has been gone, the increase in net realizable value write-off the amount of cost of good sold $1,600 thousands and $4,800 thousands, respectively.

For the year ended December 31, 2018, the Group has changed the usage of partial asset, and reclassified properties and land held for sale to property, plant and equipment and investment property according to definition. Please refer to Note 6(m) and (n).

For inventories obtained from business combination, please refer to note 6(j).

As of December 31, 2018 and 2017, the inventories of the Group had been pledged as collateral for bank borrowings, please refer to note 8.

(i) Investments accounted for using equity method

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

	December 31, 2018
Joint ventures	**$ 96,190**

In order to increase the white-brick product's additional value, the Group acquired 9,800 thousands common shares of Goyu Building Materials Co., Ltd. at par value of $10 for 98,000 thousands. Goyu Building Materials Co., Ltd. is the only joint venture that the Group participates. Goyu Building Materials Co., Ltd. is structured as a separate vehicle. The Group has a residual interest in the net assets of Guoyu Construction Materials, the Group has classified its interest in Goyu Building Materials Co., Ltd. as a joint venture, and accounted for using the equity method.

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

	December 31, 2018
Carrying amount of individually insignificant associates' equity	$ 96,190

	For the year ended December 31 2018
Attributable to the Group:	
Profit (loss) from continuing operations	$ (1,810)
Comprehensive income	$ (1,810)

(j) Business combination

On October 26 and December 8, 2017, the Group obtained control of Yeh Kee Enterprise Co., Ltd. and Bijiang Enterprise Co., Ltd by acquiring 100% of the shares and voting interests in both company.

(i) Obtaining Yeh Kee Enterprise Co., Ltd.

1) Transfer pricing

In November 22, 2017, the Group obtained 100% control of Yeh Kee Enterprise Co., Ltd. with $2,423,152 thousands.

2) Net identifiable assets at acquisition date

Property, plant and equipment	$ 729
Inventories	2,457,065
Cash and cash equivalents	95,313
Other current assets, others	727
Deferred tax liabilities	(130,634)
Other current liabilities, others	(38)
Other non-current assets, others	(10)
Fair value of net identifiable assets	$ 2,423,152

(ii) Obtaining Bijiang Enterprise Co., Ltd.

1) Transfer pricing

In December 18, 2017, the Group obtained 100% control of Bijiang Enterprise Co., Ltd. with $1,302,900 thousands.

2) Net identifiable assets at acquisition date

Inventories	$ 1,360,590
Other current assets, others	45
Deferred tax liabilities	(57,735)
Fair value of net identifiable assets	$ 1,302,900

(k) Changes in a parent's ownership interest in a subsidiary

Acquisition of additional equity of subsidiary

The Group acquired Run Long Construction Co., Ltd's shares with cash in 2018 and 2017.

The effects of the changes in shareholdings were as follows:

	For the years ended December 31	
	2018	2017
Carrying amount of non-controlling interest on acquisition	$ 148,500	85,497
Consideration paid to non-controlling interests	(351,457)	(203,890)
Retained Earnings	$ (202,957)	(118,393)

(l) Material non-controlling interests of subsidiaries

Subsidiaries	Main operation place	Percentage of non- controlling interests: December 31, 2018	Percentage of non- controlling interests: December 31, 2017
Run Long Construction Co., Ltd	Taiwan	88.02%	87.43%

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information

Financial information summary of Run Long Construction Co., Ltd was as follows:

	December 31, 2018	December 31, 2017
Current asset	$ 19,416,911	22,823,490
Non Current asset	2,987,769	2,788,726
Current Liability	(10,110,691)	(14,328,096)
Non current Liabiity	(4,983,713)	(6,632,367)
Net assets	$ 7,310,276	4,651,753
Non-controlling interests	$ 5,922,001	3,618,298

	For the years ended December 31	
	2018	2017
Sales revenue	$ 13,845,007	4,378,108
Net income	$ 2,186,147	575,851
Other comprehensive income	32,265	(37,045)
Comprehensive income	$ 2,218,412	538,806
Profit, attributable to non-controlling interests	$ 1,882,187	513,364
Comprehensive income, attributable to non-controlling interests	$ 1,882,187	513,364

	For the years ended December 31	
	2018	2017
Net cash flows from operating activities	$ 7,016,988	(4,886,340)
Net cash flows from investing activities	(664,129)	(56,656)
Net cash flows from financing activities	(4,450,348)	5,179,134
Effect of exchange rate changes on cash and cash equivalents	$ 1,902,511	236,138
Dividends to NCI	$ 747,650	1,095,796

(m) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2018 and 2017, were as follows:

	Land	Buildings and construction	Machinery and equipment	Other equipment	Constructio n in progress	Total
Cost:						
Balance at January 1, 2018	$ 1,386,054	1,154,538	312,115	235,988	15,952	3,104,647
Transfer From Inventory	124,634	164,665	-	-	-	289,299
Additions	219,014	114,564	86	20,476	364,945	719,085
Disposals	-	(975)	(68,714)	(47,733)	-	(117,422)
Transfer from prepayments for equipment	-	-	-	6,178	(6,178)	-
Effect of changes in foreign exchange rates	-	-	-	(20)	-	(20)
Balance at December 31, 2018	$ 1,729,702	1,432,792	243,487	214,889	374,719	3,995,589
Balance at January 1, 2017	$ 1,386,054	1,141,959	311,421	268,273	8,171	3,115,878
Acquired through merger	-	975	-	292	-	1,267
Additions	-	8,853	694	10,532	9,394	29,473
Transfer in	-	2,751	-	1,040	(1,613)	2,178
Disposals	-	-	-	(44,136)	-	(44,136)
Effect of changes in foreign exchange rates	-	-	-	(13)	-	(13)
Balance at December 31, 2017	$ 1,386,054	1,154,538	312,115	235,988	15,952	3,104,647
Depreciation and Impairment:						
Balance at January 1, 2018	$ 2,708	273,459	298,257	163,421	-	737,845
Depreciation	571	44,191	5,682	24,965	-	75,409
Disposals	-	(256)	(61,894)	(44,432)	-	(106,582)
Effect of changes in foreign exchange rates	-	-	-	(24)	-	(24)
December 31, 2018	$ 3,279	317,394	242,045	143,930	-	706,648
Balance at January 1, 2017	$ 2,138	240,463	289,623	167,093	-	699,317
Depreciation	570	32,746	8,634	35,600	-	77,550
Acquire through merger	-	250	-	288	-	538
Disposals	-	-	-	(39,555)	-	(39,555)
Effect of changes in foreign exchange rates	-	-	-	(5)	-	(5)
Balance at December 31, 2017	$ 2,708	273,459	298,257	163,421	-	737,845
Carrying amounts:						
Balance at December 31, 2018	$ 1,726,423	1,115,398	1,442	70,959	374,719	3,288,941
Balance at January 1, 2017	$ 1,383,916	901,496	21,798	101,180	8,171	2,416,561
Balance at December 31, 2017	$ 1,383,346	881,079	13,858	72,567	15,952	2,366,802

As of December 31, 2018 and 2017, the Group's property, plant and equipment had been pledged as collateral for bank borrowings, please refer to note 8.

(n) Investment Property

		Land and improvement	Buildings and construction	Construction in progress	Total
Cost:					
Balance at January 1, 2018	$	718,005	847,871	132,882	1,698,758
Additions		-	-	531,548	531,548
Transfer from inventory		1,291,099	1,166,164	-	2,457,263
Transfer in (out) from construction in progress		386,640	277,790	(664,430)	-
Disposals		(82,356)	(76,381)	-	(158,737)
Balance at December 31, 2018	$	2,313,388	2,215,444	-	4,528,832
Balance at January 1, 2017	$	187,307	262,071	-	449,378
Additions		-	-	132,882	132,882
Transfer in from inventory		550,375	608,028	-	1,158,403
Disposals		(19,677)	(22,228)	-	(41,905)
Balance at December 31, 2017	$	718,005	847,871	132,882	1,698,758
Depreciation and Impairment:					
Balance at January 1, 2018	$	40,818	134,041	-	174,859
Depreciation		-	17,046	-	17,046
Disposals		-	(796)	-	(796)
Balance at December 31, 2018	$	40,818	150,291	-	191,109
Balance at January 1, 2017	$	40,818	135,193	-	176,011
Depreciation		-	6,617	-	6,617
Disposals		-	(7,769)	-	(7,769)
Balance at December 31, 2017	$	40,818	134,041	-	174,859
Carrying amounts:					
Balance at December 31, 2018	$	2,272,570	2,065,153	-	4,337,723
Balance at January 1, 2017	$	146,489	126,878	-	273,367
Balance at December 31, 2017	$	677,187	713,830	132,882	1,523,899
Fair value:					
Balance at December 31, 2018					$ 6,780,482
Balance at December 31, 2017					$ 3,201,363

The investment property include several business real estate for rental purpose. Please refer to note 6(u), (aa) and (ab) for more information.

The fair value measurement of investment property is based on the website of Department of Land Administration and estate agency's website or the close deal in similar district. The fair value measurement for investment property has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

As of December 31, 2018 and 2017, the Group's investment property had been pledged as collateral for bank borrowings, please refer to note 8.

(o) Other current assets and other non-current assets

	December 31, 2018	December 31, 2017
Other current financial assets	$ 4,410,835	4,986,975
Current incremental costs to obtaining a contract	771,251	-
Other non-current financial assets	7,486,961	3,323,657
	$ 12,669,047	8,310,632

(i) Other financial asset

Other financial assets include trust account for presale of properties and land, restricted deposit and construction deposit.

(ii) Current incremental costs to obtaining a contract

The Group expects that incremental commission fees paid to intermediaries, and the bonus for the internal sales department are recoverable. The Group has therefore capitalized them as contract costs. Capitalized commission fees are amortized when the related revenues are recognized. For the year ended December 31, 2018, the Group recognized $1,359,887 thousands of amortized expense.

(iii) As of December 31, 2018 and 2017, the other financial assets of the Group had pledged as collateral for long-term borrowings, please refer to note 8.

(p) Short-term borrowings

	December 31, 2018	December 31, 2017
Unsecured bank loans	$ 6,735,352	5,102,333
Secured bank loans	35,902,836	36,630,689
Less: Syndicated loan expense	(16,618)	(10,388)
Total	$ 42,621,570	41,722,634
Range of interest rates	1.48%~2.50%	1.65%~2.97%

(i) The issue of bank loan and repayment

For the years ended December 31, 2018 and 2017, the incremental amounts are $26,200,549 thousand and $33,996,073 thousand, respectively; the repayment amounts are $24,507,163 thousand and $29,350,329 thousand, respectively. Please refer to note 6(ad) for interest expense.

(ii) Collateral for bank Loans

The Group had pledged as the collateral for bank borrowings, please refer to note 8.

(q) Short-term notes and bills payable

	December 31, 2018			
	Guarantee or acceptance institute	Range of interest rate		Amount
Commercial paper payable	Financial institute	1.6%~1.788%	$	4,364,200
Less: Discount on short-term notes and bills payable				(16,267)
Total			$	4,347,933

	December 31, 2017			
	Guarantee or acceptance institute	Range of interest rate		Amount
Commercial paper payable	Financial institute	1.60%~1.86%	$	3,679,400
Less: Discount on short-term notes and bills payable				(335)
Total			$	3,679,065

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

(r) Long-term borrowings

The Group's long-term borrowings details, conditions and provisions were as follows:

	December 31, 2018				
	Currency	Range of interest rate	Maturity		Amount
Secured bank loans	TWD	1.69%~2.25%	110~127	$	5,978,240
Less: current portion					(211,718)
Total				$	5,766,522

	December 31, 2017				
	Currency	Range of interest rate	Maturity		Amount
Secured bank loans	TWD	1.79%~2.16%	111-124	$	3,157,535
Less: current portion					(4,374)
Total				$	3,153,161

(i) The issue of bank loan and repayment

The amount issued for the years ended December 31, 2018 and 2017 are $2,103,511 thousand and zero, respectively; the repayment amounts are $71,026 thousand and $4,320 thousand, respectively, please refer to note 6(ad) for interest expense.

(ii) Collateral for bank Loans

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

(s) Bonds payable

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

		December 31, 2018	December 31, 2017
Secured convertible bonds-current	$	-	1,238,708
Secured ordinary corporate bond-current		1,999,919	-
Secured convertible bonds- non-current		10,154,927	10,043,956
Secured ordinary corporate bond- non-current		12,928,997	12,442,533
Total	$	25,083,843	23,725,197

(i) The Group issued a secured ordinary corporate bond amounting to $2,500,000 thousand with an interest rate of 0.9% in May 2018. The secured ordinary corporate bond was issued for 5 years, interest paid annually, repayment of principal and interest at maturity.

Subsidiaries proceeded from secured ordinary corporate bond amounting to $2,000,000 thousand with an interest rate of 0.98% for the year ended December 31, 2017. The secured ordinary corporate bond were issued for 5 years.

(ii) The Group’ s details of secured convertible bonds were as follows:

		December 31, 2018	December 31, 2017
Secured convertible bonds	$	12,077,820	12,077,820
Discount on bonds payable-unamortized amount		(422,893)	(549,656)
Accumulated convertible amount		(1,500,000)	(245,500)
Less: current portion		-	(1,238,708)
Ending balance: bonds payablle	$	10,154,927	10,043,956
Derivative-put option and call optionn (FVPL)	$	1,000	1,000
Equity-Convertible right(list on Subsidiary’ s Additional Paid In Capital)	$	-	88,623

		For the years ended December 31	
		2018	2017
Embedded derivative - put option and call option (FVPL)(List on other profit or loss)	$	-	(2,350)

A subsidiary issued 5-year zero interest secured convertible bond in September 2013 in Taiwan for $1,500,000 thousand, by the year ended December 31, 2018, it has been converted. Secured convertible bond issued by the subsidiary bear the following rights and obligations:

1) The conversion price was $31.80 per share, when it comes to adjusting conversion price of subsidiary’ s common share, it should adhere to the subsidiary’ s conversion’ s rules. The conversion price change with formula within issuance details. These secured convertible bond do not have reset feature.

2) Three months after the issuance date, the subsidiary would repurchase the bond at yield to call if the close price of the subsidiary’s ordinary share price exceeded 130% of the bond's conversion price for successive 30 days.

3) The bondholders can execute put options after three years from the issuance date, the redemption value is 103.797% of the bonds value.

In June 2017, the Company issued a secured 5-year convertible bond with zero interest for $10,577,820 with the following conditions:

1) The conversion price was $57.1 per share, when it comes to adjusting conversion price of subsidiary’s common share, it should adhere to the Company’s conversion rules. The conversion price change with formula within issuance details. These secured convertible bonds do not have reset feature.

2) At any time within three months after the issuance date till 40 days before maturity date, the subsidiary would repurchase the bond at the face value if the close price of the subsidiary’s ordinary share price exceeded 130% of the bond's conversion price for successive 30 days, or the outstanding value of bonds was lower than 10% of the total issuance value.

3) The bondholders can execute put options after three years from the issuance date, the redemption value is 103.7971% of the bond value (the real yield is 1.25%).

4) Unless the bond has been redeemed before maturity, repurchased and cancelled or converted, the bonds will be redeemed by the Company on the maturity date at 106.4082% of the principal amount of the bond (the real yield is 1.25%).

(iii) For the details of collateral of secured convertible bonds and bonds payable, please refer to note 8.

(iv) Please refer to note 6(ad) for the interest expense for the years ended December 31, 2018 and 2017.

(t) Provisions

		Warranty
Balance at January 1, 2018	$	145,193
Provisions added at current period		55,371
Provisions used at current period		(723)
Balance at December 31, 2018	**$**	**199,841**
Balance at January 1, 2017	$	146,306
Provisions added at current period		38,329
Provisions used at current period		(5,933)
Provisions reversed at current period		(33,509)
Balance at December 31, 2017	**$**	**145,193**

The Group’s warranty provision is related to construction contract for the years ended December 31, 2018 and 2017, the warranty measured by the historical record, the Group expects most of the liabilities will realize within 1-3 years after construction completion.

(u) Operating lease

(i) Leases as lessee

Non-cancellable operating lease rentals payable were as follows:

		December 31, 2018	December 31, 2017
Less than one year	$	42,857	42,857
Between one and five years		181,883	177,679
Over five years		403,544	450,606
	$	**628,284**	**671,142**

The Group leases property, plant and equipment as shopping mall under operating leases. The leases run for a period of 16 years. Lease payments are increased by 5% every three years till the end of the contract.

The operating lease on income for the years ended December 31, 2018 and 2017 are $44,402.

(ii) Leases as lessor

The Group leases out its investment properties, please refer to note 6(n). The future minimum lease payments under non-cancellable leases are as follows:

		December 31, 2018	December 31, 2017
Less than one year	$	98,317	51,416
Between one and five years		280,089	177,936
More than five years		18,155	-
	$	**396,561**	**229,352**

The rental income from investment property for the years ended December 31, 2018 and 2017 are $66,402 thousand and $16,674 thousand, the maintenance expense come from investment property list on operating cost and administration expense are as follows:

	For the years ended December 31		
		2018	2017
Rental income generate unit	$	**52**	**141**

(v) Advanced receipt

		December 31, 2017
Advanced receipt- properties and land	$	8,238,345
Advanced receipt- rent		2,311
	$	**8,240,656**

The advanced receipt recognized as contract liability for the year ended December 31, 2018, please refer to note 6(aa). The contract price of advanced payment-properties and land, please refer to note 9(a).

(w) Employee benefits

(i) Defined benefit plans

The expenses recognized in profit or loss for the Group were as follows:

		December 31, 2018	December 31, 2017
The present value of defined benefit plans	$	72,320	72,014
Fair value of plan asset		(32,334)	(28,425)
Net defined benefit liability	$	39,986	43,589

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group’s Bank of Taiwan labor pension reserve account balance amounted to $32,334 thousand as of December 31, 2018. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

		For the years ended December 31	
		2018	2017
Defined benefit obligations at January 1	$	72,014	77,942
Current service cost and interest		1,656	1,790
Remeasurements loss (gain):			
—Return on plan assets excluding interest income		(1,791)	(4,210)
—Actuarial loss (gain) arising from:		441	(461)
Benefits paid		-	(3,047)
Defined benefit obligations at December 31	$	72,320	72,014

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

		December 31, 2018	December 31, 2017
Short-term paid leave liability	$	19,129	17,401

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31	
	2018	2017
Fair value of plan assets at January 1	$ 28,425	29,155
Remeasurements loss (gain):		
—Return on plan assets excluding interest income	791	(122)
Contributions paid by the employer	2,711	2,031
Expected return on defined plan assets	407	408
Benefits paid	-	(3,047)
Fair value of plan assets at December 31	$ 32,334	28,425

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31	
	2018	2017
Current service costs	$ 638	719
Net interest of net liabilities for defined benefit obligations	611	663
	$ 1,249	1,382
Administration expense	$ 1,249	1,382

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group’s remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2018 and 2017, was as followed:

	For the years ended December 31	
	2018	2017
Accumulated amount at January 1	$ (15,873)	(20,422)
Recognized during the period	2,141	4,549
Accumulated amount at December 31	$ (13,732)	(15,873)

6) Actuarial valuations

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2018	**December 31, 2017**
Discount rate	1.125%~1.375%	1.375%~1.625%
Future salary increase rate	2.00%~3.00%	2.00%~3.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $930 thousand.

The weighted average lifetime of the defined benefits plans is 12.96～15.42 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2018		
Discount rate	$ (2,146)	2,225
Future salary increasing rate	2,159	(2,094)
December 31, 2017		
Discount rate	(2,285)	2,372
Future salary increasing rate	2,311	(2,238)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2018 and 2017.

(ii) Defined contribution plans

The Group allocates 6% of each employee’ s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $38,432 thousand and $35,136 thousand for the years ended December 31, 2018 and 2017, respectively.

(x) Income tax

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the FY 2018 corporate income tax return.

(i) Tax expense

The components of income tax for the years ended December 31, 2018 and 2017 were as follows:

		For the years ended December 31	
		2018	**2017**
Current tax expense			
Current period	$	391,916	56,256
Land value increment tax		334,908	206,960
Additional 10% surtax on unappropriated earnings		892	19,021
Adjustment for prior periods		363	7,962
		728,079	290,199
Deferred tax expense			
Origination and reversal of temporary differences		(10,930)	189
Adjustment in tax rate		(4,608)	-
Tax expense	$	712,541	290,388

The reconciliation of tax expense and income before rax for the years ended December 31, 2018 and 2017 are as followed:

		For the years ended December 31	
		2018	**2017**
Income before tax	$	9,450,872	7,239,612
Income tax expense at domestic statutory tax rate		1,890,174	464,612
Adjustment in tax rate		(4,608)	-
Land tax exempt income		(1,477,386)	(467,022)
Book –tax difference between recognition time		157,675	43,845
Book –tax difference of capitalization		(101,059)	(18,506)
Book –tax difference between deferred sales commision		(32,038)	42,098
Land value increment tax		334,908	206,960
Financial assets measured at fair value through profit and loss		29,926	(53,424)
Tax loss dedution		(38,946)	-
Additional 10% surtax on unappropriated earnings		892	19,021
Adjustment for prior periods		363	7,962
Others		(47,360)	44,842
Total	$	712,541	290,388

(ii) Deferred tax asset and liability recognized

Deferred tax asset:

	Investment property impairment	Warranty	Others	Total
Balance on January 1, 2018	$ 11,242	24,682	4,734	40,658
Debit/Credit income statement	-	15,285	253	15,538
Balance on December 31, 2018	**$ 11,242**	**39,967**	**4,987**	**56,196**
Balance on January 1, 2017	$ 11,242	24,871	4,734	40,847
Debit/Credit income statement	-	(189)	-	(189)
Balance on December 31, 2017	**$ 11,242**	**24,682**	**4,734**	**40,658**

Deferred tax liabilities:

	Provision for land value increment tax	Others	Total
Balance on January 1, 2018	**$ 247,716**	**340**	**248,056**
Balance on December 31, 2018	**$ 247,716**	**340**	**248,056**
Balance on January 1, 2017	$ 59,347	340	59,687
Acquired through business combination	188,369	-	188,369
Balance on December 31, 2017	**$ 247,716**	**340**	**248,056**

(iii) Except for Guang Yang Investment Co., Ltd., the Company and other domestic subsidiaries’ income tax had been examined by the tax authorities till 2016, and the Guang Yang’s income tax had been examined by the tax authorities till 2017.

(y) Capital and other equity

(i) Ordinary shares

As of December 31, 2018 and 2017, the number of authorized ordinary shares were 1,500,000,000 shares with par value of $10 per share. The total value of authorized ordinary shares were amounted to $15,000,000. The relevant statutory registration procedures have since been completed. As of that date, 1,166,626,600 of ordinary shares amounted $11,666,266 were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

	December 31, 2018	December 31, 2017
Share capital	$ -	24,154
Treasury share transactions	259,119	404,381
Difference arising from subsidiary’s equity	33,525	55,327
Conversion of bonds	-	2,079,888
Capital surplus-premium from merger	62	62
Donation from shareholders	3,396	-
Other	8,357	8,357
	$ 304,459	2,572,169

As of June 11, 2018 and 2017, a resolution was passed during the general meeting of shareholders held on for cash dividends distributed by capital surplus per share $2.008 dollars and $0.127 dollars. Amounting to $2,342,586 thousand and $148,162 thousand, respectively.

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

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide on this matter. The cash dividends shall not be more than 10% of total dividends.

1) Legal reserve

According to the amendment of the R.O.C. Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders’ equity. Similarly, a portion of unappropriated earnings prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders’ equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2017 and 2016 was decided by the resolution adopted, at the general meeting of shareholders held on June 11, 2018 and June 13, 2017, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2017		2016	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	$ 1.492	1,740,607	4.873	5,684,971

(iv) Treasury shares

1) In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company’ s retained earnings, share premium, and realized capital reserves. As of December 31, 2018, the Company hadn't repurchase any share.

2) Subsidiaries, Ace Riches International Corp., Highwealth Real Estate Co., Ltd. and Chyi Yuh Construction Co., Ltd. held part of the Company’ s shares. As of December 31, 2018 and 2017, the market price per share were $45.0 and $42.3, respectively.

The details of the treasury shares held by subsidiaries are as followed:

	December 31, 2018		December 31, 2017	
Subsidiary	Shares (thousands)	Book value	Shares (thousands)	Book value
Ace Riches International Corp.	4,162	$ 1,733	4,162	1,733
Highwealth Real Estate Co., Ltd.	8,045	10,850	8,045	10,850
Chyi Yuh Construction Co., Ltd.	2,495	-	2,495	-
Run Long Construction Co., Ltd.	11,950	54,178	11,950	56,846
	26,652	$ 66,761	26,652	69,429

(v) Other equity items

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total
Balance on January 1, 2018	$ 436	-	4,958	5,394
Effects of retrospective application	-	471,689	(4,958)	466,731
Balance on January 1, 2018 after adjustments	436	471,689	-	472,125

(Continued)

	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total
Exchange differences on foreign operations		(92)	-	-	(92)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	45,478	-	45,478
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	(7,084)	-	(7,084)
Balance at December 31, 2018	$	344	510,083	-	510,427
Balance on January 1, 2017	$	508	-	1,712	2,220
Exchange differences on translation of foreign operations		(72)	-	-	(72)
Unrealized gains (losses) on available for sale financial assets		-	-	3,246	3,246
Balance at December 31, 2017	$	436	-	4,958	5,394

(z) Earnings per share

(i) Basic earnings per share

The Group' s Basic earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2018 and 2017 are $6,856,144 thousand and $1,929,261 thousand, respectively, and the weighted average number of ordinary shares outstanding for 2018 and 2017 are 1,139,975 thousand shares. For related calculation are as follows:

1) Profit attributable to ordinary shareholders of the Company

	For the years ended December 31		
	2018		2017
Profit attributable to ordinary	$	6,856,144	1,929,261

2) Weighted-average number of ordinary shares

	For the years ended December 31	
	2018	2017
Ordinary shares outstanding at January 1	1,166,627	1,166,627
Treasury shares	(26,652)	(26,652)
Weighted-average number of ordinary shares at December 31	1,139,975	1,139,975

(ii) Diluted earnings per share

The Group' s diluted earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2018 and 2017 are $6,947,766 thousand and $1,980,219 thousand, respectively. After adjusting the effect of dilution of ordinary share, the weighted average number of ordinary shares for 2018 and 2017 are 1,316,199 thousand and 1,199,178 thousand shares, respectively. For related calculation are as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	For the years ended December 31	
	2018	2017
Profit attributable to ordinary shareholders of the Company	$ 6,947,766	1,980,219

2) Weighted-average number of ordinary shares

	For the years ended December 31	
	2018	2017
Weighted-average number of ordinary shares (basic)	1,139,975	1,139,975
Impact of conversion of convertible bonds	175,131	58,377
Effect of restricted employee shares unvested	1,093	826
Weighted-average number of ordinary shares (diluted)	1,316,199	1,199,178

(aa) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2018				
	Sales of real estate department	Construction contractor department	Eco- technol ogy department	Other department	Total
Primary geographical markets:					
Taiwan	$ 43,934,427	127,932	140,291	2,321	44,204,971
Major products/services lines:					
Sales of real estate	$ 43,863,790	-	-	-	43,863,790
Construction contractor	-	122,582	-	-	122,582
Other revenue	70,637	5,350	140,291	2,321	218,599
	$ 43,934,427	127,932	140,291	2,321	44,204,971
Timing of revenue recognition:					
Revenue transferred at a point in time	$ 70,637	127,886	-	-	198,523
Products and services transferred over time	43,863,790	46	140,291	2,321	44,006,448
	$ 43,934,427	127,932	140,291	2,321	44,204,971

For details on revenue for the year ended December 31, 2017 please refer to note 6(g) and (ab).

(ii) Contract balances

	December 31, 2018	January 1, 2018
Contract assets- Construction	$ 41,924	84,239
Contract asset- Labor Services	-	198,157
Less: Allowance for impairment	-	-
Total	$ 41,924	282,396
Contract liabilities- Construction	$ 312	5,172
Contract liabilities-Sales of real estate	3,354,352	8,238,344
Contract liabilities-Advance receipt	2,274	2,312
Total	$ 3,356,938	8,245,828

For details on accounts receivable and allowance for impairment, please refer to note 6(f).

For details on construction contracts for the year 2017, please refer to note 6(g).

As of January 1st, 2018, the beginning balance of contract liabilities that were accounted for as 2018 revenue amounts to $6,345,954 thousand.

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the year ended December 31, 2018.

The Group' s advanced receipt of properties and land presale was deposit in real estate trust account of bank, and classified as other current financial assets. The details of real estate trust account of bank on December 31, 2018 were as follows:

	December 31, 2018
Nankang Third	$ 64,506
Sec.3 Kangning	76,576
Longfu second	9,929
Xingzhuang Section	247,647
Guangwu Section	485,997
Zhuangjing 671	11,634
Huixing Section	140,440
Bai Lun Section	288,668
Fu De Section	159,136
Liu He Section	11,415
Guo Mao Section	97,248
Dongshi Second	11,258
Taike Section	50,875
LongZhong six	1,026
YongCui Section	121,034
Others	186,738
	$ 1,964,127

(ab) Revenue

Details of the Group’ s for the year ended December 31, 2017 revenue details was as follows:

		For the year ended December 31, 2017
Revenue obtained from sales of real estate	$	17,639,948
Revenue obtained from servies		236,572
Rent revenue		42,751
Construction contract revenue		730,068
Others		20,709
	$	**18,670,048**

Refer to Note 6(aa) for the year ended December 31, 2018 revenue.

(ac) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 0.1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The remunerations to employees and directors amounted to $60,000 thousand and $35,400 thousand, respectively, for the years ended December 31, 2018 and 2017. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder’ meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

(ad) Other operating income and expense

(i) Other income

For the years ended December 31, 2018 and 2017 revenue were as follows:

	For the years ended December 31		
		2018	2017
Interest income	$	28,774	21,698
Contract termination income		160,314	286,142
Dividend income		95,739	39,947
Other income		411,377	167,942
	$	**696,204**	**515,729**

(ii) Other gains and losses

For the years ended December 31, 2018 and 2017 other gains and losses were as follows:

	For the years ended December 31	
	2018	2017
Foreign exchange losses	$ (74)	(2,180)
Gains on disposal of investments	-	2
Losses on disposal of property, plant and equipment	(10,840)	(3,087)
Gains (losses) on disposal of investments	288,513	(3,826)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(149,629)	314,256
Other expenses	(2,208)	(11,316)
	$ 125,762	293,849

(iii) Finance costs

For the years ended December 31, 2018 and 2017 details of finance cost of the Group were as follows: :

	For the years ended December 31	
	2018	2017
Interest expense		
Bank loans and collateral	$ 1,226,100	1,144,152
Amortization on discounted corporate bond	128,035	83,637
Interest on corporate bond	159,087	134,023
Discount on construction refundable deposit	-	1,124
Interest on closing construction	-	9,741
Less: capitalized interest	(640,576)	(664,938)
	$ 872,646	707,739

(ae) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) The Group has a vast client base that is not connected; thus, the ability to concentrate the credit risk is limited.

3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(f).

Other financial assets at amortized cost includes other receivables (classified as other financial assets-current). All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

The loss allowance provision as of December 31, 2018 was determined as follows:

		Other receivables
Balance on January 1 per IAS39	$	8,235
Adjustment on initial application of IFRS 9		-
Balance on January 1 per IFRS 9	$	8,235

(ii) Liquidity risk

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

		Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2018					
Non derivative financial liabilities:					
Secured loans	$	45,330,367	4,268,864	35,372,946	5,688,557
Unsecured loans		6,928,501	2,308,460	4,620,041	-
Short-term transaction instrument payables		4,364,200	4,364,200	-	-
Convertible bond (Including less than 1 year)		10,640,820	-	10,640,820	-
Ordinary corporate bonds		15,419,527	2,149,958	13,269,569	-
Notes payable, accounts payable and other payable		7,943,610	7,870,235	72,037	1,338
	$	90,627,025	20,961,717	63,975,413	5,689,895
December 31, 2017					
Non derivative financial liabilities:					
Secured loans	$	42,371,798	9,389,658	29,712,928	3,269,212
Unsecured loans		5,194,466	3,169,799	2,024,667	-
Short-term transaction instrument payables		3,679,400	3,679,400	-	-
Convertible bond (Including less than 1 year)		11,879,528	1,238,708	10,640,820	-
Ordinary corporate bond		12,965,403	145,000	12,820,403	-
Notes payable, accounts payable and other payable		8,140,207	8,056,692	82,645	870
	$	84,230,802	25,679,257	55,281,463	3,270,082

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

(iii) Currency risk

1) Exposure to foreign currency risk: None.

2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group’ s financial assets and liabilities

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5% basis points, the Group's net income would have increased / decreased by $264,739 thousand and $242,796 thousand for the years ended December 31, 2018 and 2017. Taking into account that capitalized interest of profit may decrease or increase by $152,670 thousand and $125,183 thousand. This is mainly due to the Group's borrowing at variable rates.

3) Other market price risk

For the years ended December 31, 2018 and 2017, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31			
	2018		2017	
Price of securities at reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 10%	$ 52,838	62,917	5,704	72,833
Decreasing 10%	$ (52,838)	(62,917)	(5,704)	(72,833)

(iv) Information of fair value

1) Valuation techniques for financial instruments measured at fair value

The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, and financial assets at fair value through other comprehensive income (available for sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

	December 31, 2018				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 1,000	-	1,000	-	1,000
Derivative financial assets mandatorily measured at fair value through profit or loss	629,174	629,174	-	-	629,174
Subtotal	$ 630,174	629,174	1,000	-	630,174
Financial assets at fair value through other comprehensive income					
Stocks in unlisted company	$ 528,381	528,381	-	-	528,381

Financial assets measured at amortized cost					
Cash and cash equivalents	$ 15,052,306	-	-	-	-
Notes and accounts receivable	1,768,766	-	-	-	-
Other financial assets- current	4,410,835	-	-	-	-
Other financial assets- non-current	7,486,961	-	-	-	-
Subtotal	$ 28,718,868	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term loans	$ 42,621,570	-	-	-	-
Short-term transaction instrument payables	4,347,933	-	-	-	-
Notes payable, accounts payable and other payables	7,943,610	-	-	-	-
Other financial assets- current	21,892	-	-	-	-
Other financial liabilities- current	25,083,843	-	-	-	-
Long-term loans (Due within 1 year)	5,978,240	-	-	-	-
Subtotal	$ 85,997,088	-	-	-	-

	December 31, 2017				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Financial assets at fair value through other comprehensive income	$ 1,000	-	1,000	-	1,000
Non derivative held for trading financial asset	728,325	728,325	-	-	728,325
Subtotal	$ 729,325	728,325	1,000	-	729,325
Available for sale financial assets					
Stocks in listed companies	$ 57,043	57,043	-	-	57,043
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 10,412,644	-	-	-	-
Notes and trade receivable	2,192,895	-	-	-	-
Other financial assets-current	4,986,975	-	-	-	-
Other financial assets-noncurrent	3,323,657	-	-	-	-
Subtotal	$ 20,916,171	-	-	-	-
Financial liabilities at amortized cost					
Short-term bank loans	$ 41,722,634	-	-	-	-
Short-term Transactions Instruments payable	3,679,065	-	-	-	-
Notes payable, accounts payable, and other payables	8,140,207	-	-	-	-
Other financial liabilities-current	17,640	-	-	-	-
Corporate bonds payable (Due within 1 year)	23,725,197	-	-	-	-
Long-term loans (Due within 1 year)	3,157,535	-	-	-	-
Subtotal	$ 80,442,278	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost (debt investment that has no active markets) and financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The fair value of financial assets, which is regarded as being quoted in an active market, held by the Group is disclosed as follows sorted by character:

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

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

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

4) Transfers between Level 1 and Level 2

Stock held by the Group quoted in an active market is sorted to Level 1. There is no difference regarding valuation techniques between 2018 and 2017. There is no transfer between first and second level measured at fair value in 2018 and 2017.

(af) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group’ s exposure information, objectives, policies and processes for measuring and managing the above mentioned risks.

(ii) Structure of risk management

The Group’ s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’ s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’ s receivables from customers and investments in debt securities.

1) Trade and other receivable

The Group is credit risk is affected by its clients. Accounts receivable generated by selling real estate has a lower credit risk since the payment is completed by the masses with transferring, check ,or loans form the bank.

The Group discloses the estimation of accounts receivables’ and other receivables’ loss with allowance for bad debt account. Allowance for bad debt account is composed with specific losses and batch of unrecognized losses components. Unrecognized losses components are determined by historically statistical data from similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group’ s finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group' s policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2018 and 2017, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group' s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group' s reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group' s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(ag) Capital management

The Group' s objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabiltiies.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of 2018, the Group' s capital management strategy is consistent with the prior year as of 2017. The gearing ratio is maintained so as to ensure an "A" credit rating and ensure financing at reasonable cost. The Group' s debt-to-equity ratio at the end of the reporting period as of December 31 2018, is as follows:

	December 31, 2018	December 31, 2017
Total liabilities	$ 90,798,943	89,794,800
Less: cash and cash equivalents	(15,052,306)	(10,412,644)
Net debt	75,746,637	79,382,156
Total Equity	40,102,148	34,311,070
Less: hedging reserve	**$ 115,848,785**	**113,693,226**
Debt-to-equity ratio	**65.38%**	**69.82%**

(ah) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2018 and 2017, were as follows:

For conversion of convertible bonds to ordinary shares, please refer to notes 6(s)).

(7) Related-party transactions:

(a) Related-party transactions

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

Name of related party	Relationship with the Group
Tsai, Tsung-Bin	Key management personnel
You, Jr-Bin	Supervisor (resigned at June 13, 2017)
Da Li Investment Co., Ltd.	The entity's chairman is the key management personnel of the Group
Da Wei Co., Ltd.	The entity's director is the key management personnel of the Group
Jeng, Shiou-Huei	Director of the Group
Jeng, You-Sheng	Key management personnel
Jeng, Jiun-Fang	The second immediate family of the director of the Group

(b) Significant transactions with related parties

(i) Leases

1) The Group leased offices to related parties were as follows:

	Rent income	
	For the years ended December 31	
	2018	2017
Other related parties	$ 41	41

2) The Group rented an office building from related parties were as follows:

	Rent expense	
	For the years ended December 31	
	2018	2017
Other related parties	$ 694	-

(ii) Others

1) In September, 2008, The Group sold a portion of land to Mr. Tsai, Tsung-Bin with a land developing plan at $5,000 thousand, recorded within other payables. The Group would repurchase the land without any interest if the plan was not completed within three years. Both parties agreed lengthening the expiry date unconditionally in October 20, 2011. As of December 31, 2018 and 2017, other payables were both $5,000 thousand.

2) The Group paid the service fee to other related parties for selling real estate on consignment were $30,010 thousand and $59,099 thousand, respectively, for the years ended December 31, 2018 and 2017.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2018	**2017**
Short-term employee benefits	$ 108,297	99,087

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2018	December 31, 2017
Financial assets at FVTPL	Mortgage	$ 237,796	379,644
Inventories (construction)	Mortgage, issuing commercial paper and bonds payable	66,929,806	64,483,209
Other financial assets- current and non-current	Mortgage, issuing commercial paper, performance bond, real estate trust account and bond payable	10,830,796	7,594,585
Property, plant and equipment	Mortgage and bonds payable	2,829,302	2,253,864
Investment property at net value	Mortgage and bonds payable	4,017,685	1,382,795
		$ 84,845,385	76,094,097

As of December 31, 2018 and 2017, the book value of pledged assets providing undrawn guaranteed loan are $12,745,011 thousand and $3,143,256 thousand, respectively.

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

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

	December 31, 2018	December 31, 2017
Amount of signed contracts (construction)	$ 29,257,922	41,035,345
Received amount from contracts	$ 3,354,352	8,238,345
Outstanding checks received from presale cases	$ 1,185,986	872,089

(ii) Unrecognized commitments generated by signing contracts for purchasing land for construction, building bulk, and investment properties are as follows:

	December 31, 2018	December 31, 2017
Acquisition of inventory	$ 8,034,679	4,530,403
Acquisition of investment property	$ -	531,548

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

	December 31, 2018	December 31, 2017
Amount of signed contracts	$ 831,167	737,290
Received amount from contracts	$ 200,156	427,962

(b) Others

(i) As of December 31, 2018 and 2017, the refundable deposit paid for cooperation cases are $547,749 thousand and $654,971 thousand dollars, respectively.

(ii) A Subsidiary signed a cooperation contract with Hontai Life Insurance Co., Ltd. in March 2013. Nevertheless, affected by economic fluctuation, there were several presold houses returned. Dispute arose over the contract, the subsidiary should repurchase these returned houses with contribution ratio, and paid to Hontai Life Insurance Co., Ltd. And both parties agreed to go to arbitration. According to the resolution of arbitration received in December 31 2017, the subsidiary should pay Hontai Life Insurance Co., Ltd. $184,767 thousand, including $9,741 thousand interest, and received 5 units of apartments and 10 units of parking space. As of December 31 2017, resolution of arbitration was executed by both parties.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

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

By function / By item	For the years ended December 31					
	2018			2017		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits						
Salary	238,474	753,912	992,386	215,713	565,671	781,384
Labor and health insurance	1,720	78,704	80,424	2,088	8,450	10,538
Pension	840	38,841	39,681	922	35,596	36,518
Others	9,416	20,767	30,183	8,127	17,410	25,537
Depreciation	35,071	57,384	92,455	29,370	54,797	84,167
Depletion	-	-	-	-	-	-
Amortization	140	10,167	10,307	165	10,581	10,746

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements /guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The company	Chyi Yuh Construction Co., Ltd	2	$ 34,180,147	8,158,000	7,626,000	4,193,000	-	22.31%	68,360,294	Y	N	N
0	The company	Bo Yuan Construction Co., Ltd	3	34,180,147	2,734,890	1,695,390	1,443,434	-	4.96%	68,360,294	Y	N	N
0	The company	Well Rich International Co., Ltd	3	34,180,147	180,000	180,000	-	-	0.53%	68,360,294	Y	N	N
1	Yeh Kee Enterprise Co., Ltd	The company	2	34,180,147	1,922,700	1,922,700	1,922,700	1,922,700	5.62%	68,360,294	N	Y	N

Note 1: The numbering is as follows:
1. "0" represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The relationship between the guarantee and the guarantor are as follows:
1. Transactions between the companies.
2. The Company directly or indirectly holds more than 50% voting right.
3. When other companies directly or indirectly hold more than 50% voting rights of the Company.
4. The Company directly or indirectly holds more than 90% voting right.
5. A company that is mutually protected under contractual requirements based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
7. Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

Note 3: The Company and its subsidiaries endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise:
1. The total amount of guarantee for external endorsement shall not exceed 200% of the net value of the company.
2. The guarantee amount for a single enterprise endorsement shall not exceed 100% of the current net value of the company.

Note 4: The consolidated financial report has been written off at the time of preparation.

(iii) Securities held as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest Percentage of ownership (%)	Note
The Company	Stock-Lee Shuo investment Co., Ltd.	-	Total non-current financial assets at fair value through other comprehensive income	712,500	$523,015	19.00%	523,015	19.00%	
〃	Stock-Super Communications Incorporation	-	Total non-current financial assets at fair value through other comprehensive income	36,480	366	0.13%	366	0.13%	
The Company	Stock-Shin Kong Rral Estate Management Co., Ltd.	-	Total non-current financial assets at fair value through other comprehensive income	500,000	5,000	1.67%	5,000	1.67%	
〃	Stock- Da-Ll Development Co., Ltd.	-	Financial assets at fair value through profit or loss-current	9,564,963	268,776	3.92%	268,776	4.26%	
〃	Stock- Hung Sheng Construction Co., Ltd.	-	Financial assets at fair value through profit or loss-current	1,368,000	34,952	0.18%	34,952	0.18%	
Ace Riches International Corp.	Stock- Highwealth Construction Corp.	Parent Company	Financial assets at fair value through other comprehensive income-current	4,162,135	187,296	0.36%	187,296	0.36%	
Highwealth Real Estate Co., Ltd.	Stock- Highwealth Construction Corp.	Parent Company	Total non-current financial assets at fair value through other comprehensive income	8,044,810	362,016	0.69%	362,016	0.69%	
Chyi Yuh Construction Co., Ltd	Stock- Highwealth Construction Corp.	Parent Company	Total non-current financial assets at fair value through other comprehensive income	2,495,092	112,279	0.21%	112,279	0.21%	
〃	Company Debt- China Rebar Co., Ltd.	-	inancial assets at amortized cost-current	3	-	- %	-	- %	Note 1
〃	Stock- Da-Ll Development Co., Ltd.	-	Financial assets at fair value through profit or loss-current	6,719,236	188,810	2.75%	188,810	2.75%	
Run Long Construction Co., LTd.	Stock- Da-Ll Development Co., Ltd.	-	Financial assets at fair value through profit or loss-current	4,862,477	136,636	1.99%	136,636	2.08%	
〃	Stock-Highwealth Construction Corp.	Parent Company	Financial assets at fair value through other comprehensive income-current	11,950,000	537,750	1.02%	537,750	1.02%	

Note 1: Recognized as impairment loss.

Note 2: Reconciliated in the preparation of consolidated report.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Stock- Jin Jyun Construction Co., Ltd.	Investments accounted for using equity method, net	Run Long Construction Co., LTd.	Related Party	50,000,000	$508,942	-	-	50,000,000	518,300	498,619	19,681	-	-
Run Long Construction Co., Ltd.	Stock- Jin Jyun Construction Co., Ltd.	Investments accounted for using equity method, net	Highwealth Construction Corp.	Related Party	-	-	50,000,000	518,300	-	-	-	-	50,000,000	544,130

Note 1: Do not result in a loss of control are accounted for as equity transactions.

Note 2: Reconciliated in the preparation of consolidated report.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition
							Owner	Relationship with the Company	Date of transfer	Amount		
The Company	Dan-Hai Fifth	May 11, 2018	$ 2,488,443	2,488,443	Guo Ruei Construction	not related parties	-	-	-	-	Appraisal	Constrction
〃	Qing-Xi Section	May 29, 2018	898,655	898,655	Mr. Yeh and other 5 people	〃	-	-	-	-	〃	〃
〃	Fu-du Xing three	July 18, 2018	992,496	992,496	Mr. Hsu and other 8 people, Mr. Chao and Farglory Land Development Co, Ltd.	〃	-	-	-	-	〃	〃
〃	Wu-ru High speed rail	August 6, 2018	4,001,736	4,001,736	Railway Bureau	〃	-	-	-	-	Open tender	〃
〃	Shan-jie section	September 19, 2018	1,843,400	1,843,400	Mr. lee and other 3 people	〃	-	-	-	-	Appraisal	〃
〃	Bo-Ai Second Road- Storefront	July 3, 2018	336,890	336,890	Jin Cheng Construction Co. and Mr. Tsai	〃				-	〃	Operating
〃	An Kong Section	October 8, 2018	1,839,000	551,700	Sanyang Motor Co., Ltd.	〃	-	-	-	-	〃	Construction
〃	Huei Shun Second	November 1, 2018	1,698,841	1,698,841	Mr. Huang and other 9 people	〃			-	-	〃	〃
〃	Fung Gong Section	November 13, 2018	2,668,250	266,825	Farglory Land Development Co., Ltd.	〃	-	-	-	-	〃	〃
Run Long Construction Co., Ltd	Kaosiung city Sanmin district Shin-do section	August 29, 2018	1,383,589	1,383,589	Ministry of National Defense in the Republic of China	〃	-	-	-	-	Open tender	〃
〃	Tainan Yu Guang	August 6, 2018	400,491	400,491	Highwealth Construction Corp.	related parties	Taiwan Tainan District Court	not related parties	September 21, 2016	348,647	Appraisal	〃
〃	Taipei city Wenshan district Wanfang section	December 20, 2018	2,464,000	238,410	Empire Construction Co., Huaho Asset Management Co., Mr. Ho and otehr 6 people	not related parties	-	-	-	-	〃	〃

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

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
The Company	Jin-Tai Jui-Store	April 30, 2018	Not applicable	$ 157,941	446,454	446,454	288,513	SILVER LAKK International Asset Management, Ltd.	Non-related party	Earning profit	Appraisal	None
〃	Jin-Tai Jui-Inventory	April 30, 2018	Not applicable	Inventory sold thus not applicable	266,326	266,326	Sale of inventory, not applicable	SILVER LAKK International Asset Management, Ltd.	〃	〃	〃	〃
〃	in-Tai Jui-Inventory	June 8, 2018	Not applicable	Inventory sold thus not applicable	929,100	929,100	Sale of inventory, not applicable	iSee Taiwan Foundation	〃	〃	〃	〃
〃	Tainan Yu Guang	August 6, 2018	September 22, 2018	385,291	400,491	400,491	15,200	Run Long Construction Co., Ltd.	Related party	Business purpose	〃	〃

Note: Reconciliated in the preparation of consolidated report.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Chyi Yuh Construciton Co., Ltd	Investee accounted for using equity method	Contracting project	$ 4,019,402	17.95%	Pay by contract terms	-	-	(462,525)	(35.34)%	Note 2
The Company	Jin Jyun Construction Co., Ltd	Investee accounted for using equity method	Contracting project	1,229,559	5.49%	Pay by contract terms	-	-	(173,018)	(13.22)%	Note 2
The Company	Run Long Construction Co., Ltd	Investee accounted for using equity method	Sales of goods	(990,596)	-%	Receive by contract terms	-	-	-	-%	
Chyi Yuh Construciton Co., Ltd	The Company	The ultimate parent of the company	Contracted project	(4,795,328)	(75.50)%	Receive by contract terms	-	-	462,525	67.70%	Note 1
Chyi Yuh Construciton Co., Ltd	Run Long Construction Co., Ltd	Investee accounted for using equity method	Contracted project	(837,646)	(13.19)%	Receive by contract terms	-	-	136,839	20.03%	Note 1
Chyi Yuh Construciton Co., Ltd	Bo Yuan Construction C0., Ltd	Investee accounted for using equity method	Contracted project	(666,229)	(10.49)%	Receive by contract terms	-	-	64,633	9.46%	Note 1
Bo Yuan Construction C0., Ltd	Chyi Yuh Construciton Co., Ltd	Parent Company	Contracting project	622,183	80.70%	Pay by contract terms	-	-	(64,633)	(49.89)%	Note 2
Run Long Construction Co., Ltd	Chyi Yuh Construciton Co., Ltd	Parent Company	Contracting project	569,849	10.72%	Pay by contract terms	-	-	(136,839)	(22.84)%	Note 2

(Continued)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Run Long Construction Co., Ltd	Jin Jyun Construction Co., Ltd	Investee accounted for using equity method	Contracting project	562,428	10.57%	Pay by contract terms	-	-	(32,441)	(5.41)%	Note 2
Run Long Construction Co., Ltd	The Company	The ultimate parent of the company	Land held for development and administration fee	879,575	16.54%	Pay by contract terms	-	-	-	-%	
Jin Jyun Construction Co., Ltd	The Company	The ultimate parent of the company	Contracted project	(1,220,554)	(67.64)%	Receive by contract terms	-	-	173,018	64.26%	
Jin Jyun Construction Co., Ltd	Run Long Construction Co., Ltd	Investee accounted for using equity method	Contracted project	(535,600)	(29.68)%	Receive by contract terms	-	-	32,441	12.05%	Note 1

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

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

Note 3: Recognized revenue through payment received.

Note 4: Reconciliated in the preparation of consolidated report.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Chyi Yuh Construciton Co., Ltd	The company	The ultimate parent of the company	462,525	7.46	-	-	-	-
〃	RUN LONG Construction Co., Ltd	Investee accounted for using equity method	136,839	2.61	-	-	-	-
Jin Jyun Construction Co., Ltd	The company	The ultimate parent of the company	173,018	13.11	-	-	-	-

Note: Reconciliated in the preparation of consolidated report.

(ix) Trading in derivative instruments:None

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Chyi Yuh Construciton Co., Ltd	1	Accounts payable	$ 462,525	Same with peer terms	0.35%
0			1	Operating Cost	4,813,756	Same with peer terms	10.89%
0	The Company	Jin Jyun Construction Co., Ltd	1	Accounts payable	173,018	Same with peer terms	0.13%
			1	Operating Cost	1,178,845	Same with peer terms	2.67%
		RUN LONG Construction Co., Ltd	1	Operating Revenue	990,596	Same with peer terms	2.24%

(Continued)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
			1	Operating Cost	968,747	Same with peer terms	2.19%
1	Chyi Yuh Construciton Co., Ltd	The Company	2	Accounts Receivable	462,525	Same with peer terms	0.35%
			1	Operating Revenue	4,813,756	Same with peer terms	10.89%
		Run Long Construction Co., Ltd	3	Accounts Receivable	462,777	Same with peer terms	0.35%
			3	Operating Revenue	839,987	Same with peer terms	1.90%
		Bo Yuan Construction Co., Ltd	3	Accounts Receivable	64,633	Same with peer terms	0.05%
			3	Operating Revenue	666,229	Same with peer terms	1.51%
2	Run Long Construction Co., Ltd	The Company	3	Inventory	21,850	Same with peer terms	0.02%
		Chyi Yuh Construciton Co., Ltd	3	Accounts payable	462,777	Same with peer terms	0.35%
			3	Operating Cost	839,987	Same with peer terms	1.90%
		Jin Jyun Construction Co., Ltd	3	Accounts payable	32,441	Same with peer terms	0.02%
			3	Operating Cost	535,600	Same with peer terms	1.21%
3	Bo Yuan Construction Co., Ltd	Chyi Yuh Construciton Co., Ltd	3	Accounts payable	64,633	Same with peer terms	0.05%
			3	Operating Cost	666,229	Same with peer terms	1.51%
4	Jin Jyun Construction Co., Ltd	The Company	2	Accounts Receivable	173,018	Same with peer terms	0.13%
			2	Operating Revenue	1,178,845	Same with peer terms	2.67%
		Run Long Construction Co., Ltd	3	Accounts Receivable	32,441	Same with peer terms	0.02%
			3	Operating Revenue	535,600	Same with peer terms	1.21%

Note 1: The numbering is as follows:

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

Note 2: Relation between related parties are as follows:

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

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2018 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2018			Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2018	December 31, 2017	Shares (thousands)	Percentage of wnership	Carrying value				
The Company	Ace Riches International Corp.	Taiwan	Residential and building development, rental and sales	$12,000	12,000	1,200,000	100.00%	36,525	100.00%	14,545	(22)	
〃	Highwealth Real Estate Co., Ltd.	Taiwan	Real estate brokerage, real estate trading	25,000	25,000	2,500,000	100.00%	56,642	100.00%	20,942	(7,215)	
〃	Chyi Yuh Construciton Co., Ltd	Taiwan	Construction, housing and building development rental services etc.	30,041	30,041	55,000,000	100.00%	248,654	100.00%	440,641	554,340	
〃	Run Long Construction Co., Ltd	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	456,443	191,663	11,098,000	3.60%	(599,564)	3.62%	2,186,147	30,497	Note
〃	Jin Jyun Construction Co., Ltd	Taiwan	Construction, housing and building development rental services etc.	-	500,000	-	-%	-	100.00%	12,964	(10,323)	
〃	Yeh Kee Enterprise Co., Ltd.	Taiwan	Residential and building development, rental services, etc.	2,423,152	2,423,152	2,200,000	100.00%	2,445,654	100.00%	22,183	22,183	
〃	Bijiang Enterprise Co., Ltd	Taiwan	Residential and building development, rental services, etc.	1,302,900	1,302,900	7,200	100.00%	1,300,497	100.00%	(2,385)	(2,385)	
〃	Highwealth Construction Co.	Taiwan	Residential and building development, rental services, etc.	5,000	-	500,000	100.00%	4,826	100.00%	(174)	(174)	
Chyi Yuh Construciton Co., Ltd	Bo Yuan Construction Co., Ltd	Taiwan	Residential and building development, rental services, etc.	737,000	737,000	73,700,000	100.00%	925,525	100.00%	(2,423)	Exempt from diclosure	
	Guang Yang Investment Co., Ltd	Taiwan	Investment industry	284,050	284,050	29,900,000	100.00%	578,622	100.00%	139,266	〃	
	Well Rich International Co., Ltd	Taiwan	Construction material wholesale industry	78,484	78,484	8,100,000	100.00%	143,414	100.00%	24,505	〃	
	Run Long Construction Co., Ltd	Taiwan	Environmental technology, property development and rental industry	375,443	288,766	9,036,000	2.93%	213,795	3.08%	2,186,147	〃	Note
	Goyu Building Materials Co., Ltd.	Taiwan	Construction material wholesale industry	98,000	-	9,800,000	35.00%	96,190	35.00%	(5,171)	〃	Note 1
Guang Yang Investment Co., Ltd	Run Long Construction Co., Ltd	Taiwan	Environmental technology, property development and rental industry	398,063	398,063	16,810,013	5.45%	398,410	6.91%	2,186,147	〃	Note
Run Long Construction Co., Ltd	Jin Jyun Construction Co., Ltd	Taiwan	Construction, housing and building development rental services etc.	518,300	-	50,000,000	100.00%	544,130	100.00%	32,432	〃	

Note : Voting interest percentage differed due to secured bonds converted to ordinary shares.

Note 1: Please refer to Note 6(i)

Note 2: Reconciliated in the preparation of consolidated report.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2018	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow							
Chuan Xiang Commercial Co.	Construction material, furniture, metal parts	26,555 USD 900,000	(1)	26,555 USD 900,000	-	-	26,555 USD 900,000	(380)	100.00%	100.00%	(380)	2,634	-
Shin Fu Yu Commercial Co.	Construction material wholesale	27,104 USD 900,000	(1)	27,104 USD 900,000	-	-	27,104 USD 900,000	(56)	100.00%	100.00%	(56)	1,797	-

Note: Reconciliated in the preparation of consolidated report.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
53,659 （USD1,800,000）	53,659 （USD1,800,000）	20,508,088

Note 1: 3 types of investment method are as follows:

1. Directly investing in the mainland area
2. Investing in the mainland through companies in another country (Please note the name of the investing company from the other country)
3. Other methods

Note 2: Profit and loss recognized from investment for the current period:

1. If it is in preparation, and has no investment profit or loss, it should be noted
2. The basis for profit or loss from investment are as follows:
   A. The international accounting firm which has cooperative relationships with the CPA in the Republic of China verifies its financial statements
   B. Financial statement of the parent company is verified by the Taiwanese accountant
   C. Others

(iii) Significant transactions: None

(14) Segment information:

(a) General information

The Group has three reportable segments: developing segment, constructing segment, and ecotechnology segment. Developing segment is responsible for developing new constructing or rental opportunities. Constructing segment is involving in constructing buildings. Ecotechnology segment provides services for clearing waste.

(i) The reportable segments are the Group’s strategic divisions.

(ii) They offer different products and services, and are managed separately, because they require different technology and marketing strategies.

(iii) The Group reviews the internal report provided by every segment quarterly.

(b) Information about reportable segments and their measurement and reconciliations

	For the year ended December 31, 2018					
	Developing segment	Constructing segment	Ecotechnology segment	Other segment	Reconciliation and elimiation	Total
Revenue from external customers	$ 43,934,427	127,932	140,291	2,321	-	44,204,971
Intersegment	998,593	7,521,350	-	89,512	(8,609,455)	-
Interest revenue	26,636	1,292	35	838	(27)	28,774
Total revenue	$ 44,959,656	7,650,574	140,326	92,671	(8,609,482)	44,233,745
Interest expenses	$ 849,990	34,680	-	3	(12,027)	872,646
Depreciation and amortization	49,946	31,715	17,779	451	2,871	102,762
Share of profit (loss) of associates and joint ventures accounted for using equity method	586,465	229,755	-	141,489	(959,519)	(1,810)
Reportable segment profit or loss	$ 9,767,853	474,904	(17,315)	162,316	(936,886)	9,450,872
Investments accounted for using equity method	$ 3,497,665	1,957,246	-	435,696	(5,794,417)	96,190
Capital expenditure	756,497	2,847	346	-	(40,605)	719,085
Reportable segment assets	$ 125,979,572	7,621,470	901,881	1,253,399	(4,855,231)	130,901,091
Reportable segment liabilities	$ 82,334,485	8,022,660	1,539	19,390	420,869	90,798,943

	For the year ended December 31, 2017					
	Developing segment	Constructing segment	Ecotechnology segment	Other segment	Reconciliation and elimiation	Total
Revenue from external customers	$ 17,682,700	730,591	256,757	-	-	18,670,048
Intersegment	3,106	8,797,914	10	72,504	(8,873,534)	-
Interest revenue	18,079	2,500	411	728	(20)	21,698
Total revenue	$ 17,703,885	9,531,005	257,178	73,232	(8,873,554)	18,691,746
Interest expenses	$ 655,192	33,817	-	7	18,723	707,739
Depreciation and amortization	24,027	39,378	21,888	492	9,128	94,913
Share of profit (loss) of associates and joint ventures accounted for using equity method	109,118	79,144	-	39,733	(227,995)	-
Reportable segment profit or loss	$ 2,468,470	386,049	91,372	102,998	(315,876)	2,733,013
Investments accounted for using equity method	$ 3,618,739	1,549,169	-	351,251	(5,519,159)	-
Capital expenditure	14,846	348	7,945	-	8,512	31,651
Reportable segment assets	$ 119,773,858	7,829,184	1,185,199	1,140,544	(5,822,915)	124,105,870
Reportable segment liabilities	$ 82,643,635	8,436,254	13,708	10,877	(1,309,674)	89,794,800

(c) Geographic information:

The Group's revenues are all generated from domestic business.

(d) Major customers:

The Group does not have revenues from a single customer that exceeds 10% of the consolidated oprating revenues in 2018 and 2017.

5.Lastest Financial Statements of the Audited and Certified by CPAs

Independent Auditors' Report

To the Board of Directors of Highwealth Construction Corp.:

Opinion

We have audited the accompanying parent company only financial statements of Highwealth Construction Corp. ("the Company"), which comprise the parent company only balance sheets as of December 31, 2018 and 2017, the parent company only statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as December 31, 2018 and 2017, 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.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

We draw attention to Note 3(a) of the parent company only financial statements, which the Company initially adopted the IFRS 9 "Financial Instruments" at January 1, 2018, with no restatement of comparative period amounts. Our opinion is not modified in respect of this matter.

We draw attention to Note 3(a) of the parent company only financial statements, which the Company initially adopted the IFRS 15 "Revenue from Contracts with Customers" at January 1, 2018, with no restatement of comparative period amounts. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Please refer to note 4(o) and 6(x) of the parent company only financial statements for the account policies on revenue recognition and the details of revenue.

Description of key audit matter

The real estate industry, in which the Company is into, has a higher tendency of revenue fluctuation, therefore the management has set up relevant internal control procedures. The Company's sales revenue was $30,663,635 thousand in 2018, whether revenue is presented fairly has a significant impact on financial statement. Therefore, the recognition of sales revenue is one of the most important evaluation in performing our audit procedures.

Auditing procedures proformed

Our principal audit procedures included testing the effectiveness of the design and implementing the internal control system of sales revenue. Inspection of sales contracts, bank account transaction record and real estate ownership transfer document, etc. Performing analytical procedures to advance payment to analyze the completeness of accounting procedures. Testing the samples of sales transaction before and after the end of the year to ensure the correctness of sales revenue.

2.Inventory valuation

Please refer to note 4(g) and 5 of the parent company only financial statements for the accounting policies on measuring inventory, assumption used and uncertainties considered in determining the net realizable value and the details of inventory.

Description of key audit matter

As of December 31, 2018, inventory of the Company valued $66,297,202 thousands, constituting 68% of the total assets, which was presented with lower of cost or net realizable value method. The judgment of net realizable value of inventory relies on management since the Company focuses on real estate industry, which is not only deeply affected by politics, economics, and revolution of housing and land taxation, but also an industry involving a large portion of capital infusion and long-term payback. Thus, the valuation of inventory is one of the most important valuation in performing our audit procedures.

Auditing procedures proformed

Our principal audit procedures included understanding the Company's operating and accounting procedures for inventory valuation. Obtain the Company management's data of inventory valuation, inspecting and recalculating the net realizable value of inventory whether adequate. The net realizable value can be assessed in both ways: through reviewing the recent selling price of the premises, or by inquiring the selling price of premises nearby from the "Actual Selling Price of Real Estate" website.

Responsibilities of Management and Those Charged with Governance for the Parent Company only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers. And for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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.

Auditor's Responsibilities for the Audit of the Parent Company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in 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 parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 auditor's 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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 parent company only financial statements for the year ended December 31, 2018 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 audit resulting in this independent auditors' report are Ti-Nuan Chien and Kuo-Yang Tseng.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2019

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HIGHWEALTH CONSTRUCTION CORP.

Parent Company only Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2018		December 31, 2017	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 9,394,347	10	6,290,490	7
1110	Current financial assets at fair value through profit or loss (Notes 6(b) and 8)	304,728	-	348,275	-
1150	Notes receivable, net (Note 6(f))	1,239,151	1	479,306	1
1170	Accounts receivable, net (Notes 6(f) and 7)	183,745	-	57,369	-
130X	Inventories (Notes 6(g), 7 and 8)	66,297,202	68	66,757,648	77
1410	Prepayments	245,988	-	1,175,409	1
1476	Other current financial assets (Notes 6(m), (x), 7,8 and 9(b))	3,174,073	3	3,278,704	4
1479	Other current assets, others	28,656	-	81,098	-
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 6(m))	700,286	1	-	-
		81,568,176	83	78,468,299	90
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	528,381	1	-	-
1523	Non-current available-for-sale financial assets, net (Note 6(d))	-	-	57,043	-
1543	Non-current financial assets at cost, net (Note 6(e))	-	-	18,298	-
1550	Investments accounted for using equity method, net (Notes 6(h), (i), (j) and 8)	3,497,665	4	3,618,739	4
1600	Property, plant and equipment (Notes 6(k) and 8)	859,716	1	521,707	1
1760	Investment property, net (Notes 6(l) and 8)	3,798,692	4	1,315,722	2
1780	Intangible assets	4,816	-	5,407	-
1840	Deferred tax assets (Note 6(u))	14,544	-	14,544	-
1980	Other non-current financial assets (Notes 6(m) and 8)	6,729,809	7	2,515,655	3
		15,433,623	17	8,067,115	10
	Total assets	**$ 97,001,799**	**100**	**86,535,414**	**100**

		December 31, 2018		December 31, 2017	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(n))	$ 29,912,189	30	26,024,973	30
2110	Short-term notes and bills payable (Note 6(o))	3,748,664	4	2,689,400	3
2130	Current contract liabilities (Notes 6(x), 7 and 9(a))	2,899,579	3	-	-
2150	Notes payable	19,813	-	12,232	-
2170	Accounts payable	645,259	1	608,742	1
2180	Accounts payable to related parties (Note 7)	643,798	1	842,832	1
2200	Other payables (Note 7)	1,603,992	2	1,156,880	2
2230	Current tax liabilities	16,629	-	1,850	-
2305	Other current financial liabilities	116,648	-	58,943	-
2310	Advance receipts (Notes 6(s),7 and 9(a))	-	-	6,248,440	7
2322	Long-term borrowings, current portion (Note 6(p))	94,398	-	4,374	-
2399	Other current liabilities, others	200,054	-	195,839	-
		39,901,023	41	37,844,505	44
	Non-Current liabilities:				
2530	Bonds payable (Note 6(q))	19,615,093	20	17,021,269	20
2540	Long-term borrowings (Note 6(p))	3,270,112	3	939,431	1
2570	Deferred tax liabilities (Note 6(u))	340	-	340	-
2640	Net defined benefit liability, non-current (Note 6(t))	35,084	-	37,097	-
		22,920,629	23	17,998,137	21
	Total liabilities	62,821,652	64	55,842,642	65
	Equity attributable to owners of parent:				
3100	Common stock (Note 6(v))	11,666,266	12	11,666,266	13
3200	Capital surplus (Note 6(v))	304,459	-	2,572,169	3
	Retained earnings:				
3310	Legal reserve (Note 6(v))	6,307,154	7	6,114,228	7
3350	Unappropriated retained earnings	15,458,602	16	10,404,144	12
3400	Other equity interest (Note 6(v))	510,427	1	5,394	-
3500	Treasury stock (Note 6(v))	(66,761)	-	(69,429)	-
	Total equity	34,180,147	36	30,692,772	35
	Total liabilities and equity	**$ 97,001,799**	**100**	**86,535,414**	**100**

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
HIGHWEALTH CONSTRUCTION CORP.
Parent Company only Statements of Comprehensive Income
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(x), (y) and 7)**	$ 30,717,971	100	12,252,697	100
5000	**Operating costs (Note 6(g))**	21,848,707	71	8,836,415	72
	Gross profit from operations	8,869,264	29	3,416,282	28
5910	Less:Unrealized profit (loss) from sales(note)	20,483	-	-	-
5920	Add:Realized profit (loss) on from sales(note)	-	-	2,271	-
	Gross profit from operations	8,848,781	29	3,418,553	28
	Operating expenses:				
6100	Selling expenses (Note 7)	1,646,635	5	836,361	7
6200	Administrative expenses (Note 7)	667,708	2	719,824	6
		2,314,343	7	1,556,185	13
	Net operating income	6,534,438	22	1,862,368	15
	Non-operating income and expenses:				
7010	Other income (Note 6(aa) and 7)	419,768	1	362,736	3
7020	Other gains and losses, net (Note 6(aa))	216,664	1	127,387	1
7050	Finance costs, net (Note 6(aa) and 7)	(588,498)	(2)	(361,824)	(3)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	586,465	2	109,118	1
	Total non-operating income and expenses	634,399	2	237,417	2
	Profit from continuing operations before tax	7,168,837	24	2,099,785	17
7950	**Less: Tax expense(Note 6(u))**	312,693	1	170,524	1
	Profit	6,856,144	23	1,929,261	16
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(t))	2,401	-	233	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	45,478	-	-	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(260)	-	4,316	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	47,619	-	4,549	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	3,246	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(92)	-	(72)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(92)	-	3,174	-
8300	**Other comprehensive income, net**	47,527	-	7,723	-
	Total comprehensive income	$ 6,903,671	23	1,936,984	16
	Earnings per share (Note 6(x))				
	Basic earnings per share	$	6.01		1.69
	Diluted earnings per share	$	5.28		1.69

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HIGHWEALTH CONSTRUCTION CORP.

Parent Company only Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury stock	Total equity
Balance at January 1, 2017	$ 11,666,266	2,583,914	5,479,307	1,529	14,907,090	20,387,926	508	-	1,712	2,220	(62,057)	34,578,269
Profit (loss)	-	-	-	-	1,929,261	1,929,261	-	-	-	-	-	1,929,261
Other comprehensive income	-	-	-	-	4,549	4,549	(72)	-	3,246	3,174	-	7,723
Total comprehensive income	-	-	-	-	1,933,810	1,933,810	(72)	-	3,246	3,174	-	1,936,984
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	634,921	-	(634,921)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(5,684,971)	(5,684,971)	-	-	-	-	-	(5,684,971)
Reversal of special reserve	-	-	-	(1,529)	1,529	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	(148,162)	-	-	-	-	-	-	-	-	-	(148,162)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	133,261	-	-	-	-	-	-	-	-	-	133,261
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(118,393)	(118,393)	-	-	-	-	-	(118,393)
Changes in ownership interests in subsidiaries	-	3,156	-	-	-	-	-	-	-	-	(7,372)	(4,216)
Balance at December 31, 2017	11,666,266	2,572,169	6,114,228	-	10,404,144	16,518,372	436	-	4,958	5,394	(69,429)	30,692,772
Effects of retrospective application	-	-	-	-	325,579	325,579	-	471,689	(4,958)	466,731	-	792,310
Equity at beginning of period after adjustments	11,666,266	2,572,169	6,114,228	-	10,729,723	16,843,951	436	471,689	-	472,125	(69,429)	31,485,082
Profit (loss)	-	-	-	-	6,856,144	6,856,144	-	-	-	-	-	6,856,144
Other comprehensive income	-	-	-	-	2,141	2,141	(92)	45,478	-	45,386	-	47,527
Total comprehensive income	-	-	-	-	6,858,285	6,858,285	(92)	45,478	-	45,386	-	6,903,671
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	192,926	-	(192,926)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,740,607)	(1,740,607)	-	-	-	-	-	(1,740,607)
Cash dividends from capital surplus	-	(2,342,586)	-	-	-	-	-	-	-	-	-	(2,342,586)
Due to donated assets received	-	3,396	-	-	-	-	-	-	-	-	-	3,396
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	93,282	-	-	-	-	-	-	-	-	-	93,282
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(202,957)	(202,957)	-	-	-	-	-	(202,957)
Changes in ownership interests in subsidiaries	-	(21,802)	-	-	-	-	-	-	-	-	2,668	(19,134)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	7,084	7,084	-	(7,084)	-	(7,084)	-	-
Balance at December 31, 2018	**$ 11,666,266**	**304,459**	**6,307,154**	**-**	**15,458,602**	**21,765,756**	**344**	**510,083**	**-**	**510,427**	**(66,761)**	**34,180,147**

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
HIGHWEALTH CONSTRUCTION CORP.
Parent Company only Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Profit before tax	$ 7,168,837	2,099,785
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	38,826	19,124
Amortization expense	3,819	2,685
Expected credit loss / Provision (reversal of provision) for bad debt expense	-	2,503
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	69,826	(143,014)
Interest expense	588,498	361,824
Interest income	(14,156)	(9,821)
Dividend income	(44,603)	(18,688)
Share of profit of subsidiaries,associates and joint ventures accounted for using equity method	(586,465)	(109,118)
Loss on disposal of property, plan and equipment	12	575
Loss (gain) on disposal of investment properties	(288,513)	3,826
Unrealized profit (loss) from sales	20,483	(2,271)
Other revenue, overdue dividends and compensation of board and directors	3,396	-
Total adjustments to reconcile profit (loss)	(208,877)	107,625
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets held for trading	-	(27,130)
Net gain on financial assets or liabilities at fair value through profit or loss	(26,278)	-
(Increase) decrease in notes receivable	(759,845)	5,230
(Increase) decrease in accounts receivable	(126,376)	21,933
Increase in inventories	(1,175,012)	(2,319,383)
Decrease in prepayments	145,253	182,176
Decrease (increase) in other current assets	52,441	(16,495)
Decrease in other financial assets	61,548	541,398
Decrease in incremental costs of obtaining a contract	365,621	-
Total changes in operating assets	(1,462,648)	(1,612,271)
Changes in operating liabilities:		
Decrease in contract liabilities	(3,348,861)	-
Increase (decrease) in notes payable	7,581	(12,481)
Decrease in accounts payable	(162,517)	(28,001)
Increase (decrease) in other payable	422,981	(198,442)
Increase in receipts in advance	-	385,829
Increase in other financial liabilities	57,705	50,305
Increase in other current liabilities	4,215	44,276
Increase in net defined benefit liability	388	1,381
Total changes in operating liabilities	(3,018,508)	242,867
Total changes in operating assets and liabilities	(4,481,156)	(1,369,404)
Total adjustments	(4,690,033)	(1,261,779)
Cash inflow generated from operations	2,478,804	838,006
Income taxes paid	(255,716)	(191,241)
Net cash flows from (used in) operating activities	2,223,088	646,765

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
HIGHWEALTH CONSTRUCTION CORP.
Parent Company only Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets designated at fair value through profit or loss	59,169	-
Acquisition of investments accounted for using equity method	(269,780)	(4,205,086)
Proceeds from disposal of investments accounted for using equity method	518,300	-
Acquisition of property, plant and equipment	(355,236)	(4,862)
Proceeds from disposal of property, plant and equipment	-	381
Acquisition of intangible assets	(3,228)	(6,178)
Acquisition of investment properties	(531,548)	(132,882)
Proceeds from disposal of investment properties	446,454	30,310
Interest received	14,456	10,433
Dividends received	378,548	2,106,222
Net cash flows from (used in) investing activities	257,135	(2,201,662)
Cash flows from (used in) financing activities:		
Increase in short-term loans	18,061,505	18,837,460
Decrease in short-term loans	(13,386,069)	(17,815,056)
Decrease (increase) in short-term notes and bills payable	1,059,264	(645)
Proceeds from issuing bonds	2,497,500	9,993,705
Proceeds from long-term debt	1,703,511	-
Repayments of long-term debt	(71,026)	(4,320)
Increase in other financial liabilities	(4,214,154)	(1,822,281)
Cash dividends paid	(4,083,193)	(5,833,133)
Interest paid	(943,704)	(828,935)
Net cash flows from (used in) financing activities	623,634	2,526,795
Net increase (decrease) in cash and cash equivalents	3,103,857	971,898
Cash and cash equivalents at beginning of the year	6,290,490	5,318,592
Cash and cash equivalents at end of the year	$ 9,394,347	6,290,490

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

HIGHWEALTH CONSTRUCTION CORP. (the "Company") was incorporated in January 1980 as a company limited by shares under the company Act of the Republic of China. Originally known as Yufu Construction Co., Ltd., after several times of rename. It changed its name to Hongju Construction Co., Ltd. after the acquisition of Hongju Construction Co., Ltd. in May 1989. Hongju Construction acquired Highwealth in 2000 and changed its name to Highwealth Construciton Corp. in May 2003. The Company registered address is 10F, No.267, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) The Company primarily engages in the business of construction, sales, and leasing of residual and commercial buildings. Please refer to the financial statements for the Company's main business activities.

(2) Approval date and procedures of the parent company only financial statements:

The parent company only financial statements were authorized for issuance by the Board of Directors on March 19,2019.

(3) New standards, amendments and interpretations adopted:

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

The Company has prepared following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The Company applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Company recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

1) Revenue from sales of real estate

The current sales of real estate contracts are handled in accordance to the sales of commodity agreement. Revenue is recognized when the construction of the premises is completed and delivered to the customer. Since revenue and cost at that point in time can be reliably measured, the selling price is likely to be recovered, and the Company no longer participates in the management of the commodity. Under International Financial Reporting Standards No. 15, it is necessary to assess whether the contractual commitments will gradually satisfy performance obligations over time or meet performance obligations at a certain point in time. The Company’s preliminary assessment of the contract for the sales of real estate still meets the performance obligations at a certain point in time, and since the time of transfer and control of major risks and rewards from the ownership of the premises to customer is similar; thus does not have a significant impact.

2) Major financing components - Prepayment of premises

The current standard has not stipulated the imputed interest for prepayment of premises; thus, the Company has not currently adjusted the consideration for the pre-acquisition. Under International Financial Reporting Standard No. 15, prepayments should also be assessed to ensure whether it contains significant financial component to determine whether adjustments are required to reflect the effect of the time value of money. Based on individual contracts, the Company pre-assesses the contract price and the current sales price, which does not contain significant financing factors; thus, does not have a significant financial component. It is expected to not have any significant impact on the parent company only financial statement.

3) Incremental costs of acquiring customer contracts

The Company commissioned advertisers and the selling department of the Company to sale real estates, the current expenditures are recognized as acquisition of capitalized contract costs, and are recognized as expenses when they are sold in real estate; if they do not meet the requirements, they are immediately recognized as expenses when they occur. Under International Financial Reporting Standard No. 15, if it meets the expected incremental cost of requisitioning customer contracts through sales of premises, it should be classified as an asset and be consistent with the transfer of the pre-sale house to the customer. As a result, the incremental costs of acquiring the customer contracts, which are qualified to be recognized as assets, will be reclassified to expenses when the prepayment of premises reclassified as revenue.

4) Impacts on financial statements

The following tables summarize the impacts of adopting IFRS15 on the Company's financial statements:

	December 31, 2018			January 1, 2018		
Impacted line items on the balance sheet	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**
Prepayment	$ 689,820	(443,832)	245,988	1,175,409	(764,898)	410,511
Investments accounted for using equity method	3,492,640	5,025	3,497,665	3,618,739	24,570	3,643,309
Incremental costs of obtaining a contract	-	700,286	700,286	-	1,065,907	1,065,907
Impact on assets		**261,479**			**325,579**	
Contract Liabilit	$ -	2,899,579	2,899,579	-	6,248,440	6,248,440
Advanced receip	2,899,579	(2,899,579)	-	6,248,440	(6,248,440)	-
Impact on liabilities		**-**			**-**	
Retained earnings	$ 21,504,277	261,479	21,765,756	16,518,372	325,579	16,843,951
Impact on equity		261,479			325,579	

	For the year ended December 31, 2018		
Impacted line items on the income statement	**Before adjustments**	**Impact of changes in accounting polices**	**After adjustments**
Operating revenues	$ 30,717,971	-	30,717,971
Operating costs	(21,869,190)	-	(21,869,190)
Selling expenses	(1,602,080)	(44,555)	(1,646,635)
Administrative expenses	(667,708)	-	(667,708)
Non Operating income	653,944	(19,545)	634,399
Impact on profit before income tax		(64,100)	
Income tax expenses	(312,693)	-	(312,693)
Impact on Profit		**(64,100)**	
Basic earnings per share	**$ 6.07**	**(0.06)**	**6.01**
Diluted earnings per share	**$ 5.33**	**(0.05)**	**5.28**

Impacted line items on the statement of cash flows	For the year ended December 31, 2018 Before adjustments	Impact of changes in accounting polices	After adjustments
Cash flows from (used in) operating activities:			
Profit before tax	$ 7,232,937	(64,100)	7,168,837
Adjustments:			
Shares of loss (profit) of associates accounted for using equity method	(606,010)	19,545	(586,465)
Prepayment	466,369	(321,066)	145,303
Prepayment	-	365,621	365,621
Contract liabilities	-	(3,348,861)	(3,348,861)
Advanced receipt	(3,348,861)	3,348,861	-
Impact on cash flows from operating activities		64,100	
Impact on net cash flows from operating activities		-	

(ii) IFRS 9 “Financial Instruments”

IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement” which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Company adopted the consequential amendments to IAS 1 “Presentation of Financial Statements” which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company’s approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Company adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Company classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(f).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with the ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(f).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Comparative periods have been restated only for retrospective application of the cost of hedging approach for forward points. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

  －The determination of the business model within which a financial asset is held.

  －The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  －The designation of certain investments in equity instruments not held for trading as at FVOCI.

- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Company assumed that the credit risk on its asset will not increase significantly since its initial recognition.

- Changes to hedge accounting policies have been applied prospectively except for the cost of hedging approach for forward points, which has been applied retrospectively to hedging relationships that existed on or after January 1 2017.

- All hedging relationships designated under IAS 39 on December 31 2017 met the criteria for hedge accounting under IFRS 9 on January 1, 2018, and are therefore, regarded as continuing hedging relationships.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company’s financial assets as of January 1, 2018.

	IAS39		IFRS9	
	Measurement categories	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Financial Assets				
Cash and equivalents	Loans and receivables	6,290,490	Amortized cost	6,290,490
Equity instruments	Financial assets measured at amortized cost (note 1)	18,298	Mandatorily at FVTPL	485,029
	Available-for-sale	57,043	FVOCI	57,043
Trade and other receivables	Loans and receivables (note 2)	536,675	Amortized cost	536,675
Other financial assets	Loans and receivables	5,794,359	Amortized cost	5,794,359

Note 1: For those equity instruments (including financial assets measured at amortized cost) indicate that the Company intention for long term investment. Under IFRS 9, The Company designated the investment as fair value through other comprehensive income at the beginning of the report date. Consequently, the amount of book value and other equity increase $466,731 thousand.

Note 2: Trade, lease and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 75,341	-	-		-	-
Available for sale to FVOCI	-	-	466,731		-	466,731
Total	$ 75,341	-	466,731	542,072	-	466,731

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16 “Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Company can choose to apply either of the following:

- IFRS 16 definition of a lease to all its contracts; or
- a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Company plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Company can apply the standard using either of the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

On January 1, 2019, the Company plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Company chooses to elect the following practical expedients:

- apply a single discount rate to a portfolio of leases with similar characteristics.
- adjust the right-of-use assets, based on the amount reflected in IAS 37 onerous contract provision, immediately before the date of initial application, as an alternative to an impairment review.
- apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.
- exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) So far, the most significant impact identified is that the Company will have to recognize the new assets and liabilities for the operating leases of its buildings and real estates. The Company estimated that the right-of-use assets and the lease liabilities to increase by $7,488 thousand and $7,749 thousand respectively, as well as the investment accounted for using equity method and the retained earnings to decrease by $14,698 thousand and $14,959 thousand respectively on January 1, 2019. No significant impact is expected for the Company's finance leases. Besides, the Company does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold load covenant.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Company assessed that the above IFRSs may not be relevant to the Company.

(4) Summary of significant accounting policies:

The accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in theinterpretation of the English and Chinese language parent company only financial statements, the Chinese version shall prevail.
The following significant accounting policies have been applied consistently to all periods presented in the parent company only financial statements unless otherwise specified.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for the financial instruments.

1) Financial asset measured at Fair value through profit or loss are measured at fair value;

2) Fair value through other comprehensive income are measured at fair value ;

3) The defined benefit liability (asset) is recognized as the fair value of the plan asset less the present value of defined benefit obligation and the upper limit impact mentioned in note 6(p).

(ii) Functional and presentation currency

The functional currency of each Company entities is determined based on the primary economic environment in which the entities operate. The Company’s parent company only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency.All the financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currencies

(i) currencies transaction

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) Fair value through other comprehensive income (Available-for-sale) equity investment;

2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) Qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated at the average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Current and non-current distinction

(i) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) The Company holds the asset primarily for the purpose of trading;

(iii) The Company expects to realize the asset within twelve months after the reporting period;

(iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when

(i) The Company expects to settle the liability in its normal operating cycle;

(ii) The Company holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period;

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand, demand deposits, cash equivalents are highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.They are reported as cash equivalents.

(f) Financial instruments

(i) Financial assets (Policy applicable from January 1, 2018)

Financial assets are classified into the following categories: measured at amortized cost, and fair value through profit or loss (FVTPL).

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

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

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex dividend date. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Business model assessment

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable,guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data.

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 90 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Company recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial assets (Policy applicable before January 1, 2018)

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

1) financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. The Company designates financial assets, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b) Performance of the financial asset is evaluated on a fair value basis

c) A hybrid instrument contains one or more embedded derivatives

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and included in other income and loss under the non-operating income and expenses .A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

2) Available for sale financial assets

Available for sale financial assets are non derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available for sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and included in the other income or loss under non-operating income and expenses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex dividend date. Such dividend income is included in other income under non-operating income and expenses.

Interest income from investment in bond security is recognized in profit or loss, under other income of non operating income and expenses.

3) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market including account receivable, other receivable and debt investment in inactive market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short term receivables are measured at amortized cost using the effective interest method, less any impairment losses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Interest income is recognized in profit or loss, and it is included in non operating income and expenses.

4) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is considered objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than the those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for accounts receivable, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before the impairment was recognized at the reversal date.

Impairment losses recognized on an available for sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Impairment losses and recoveries of accounts receivable are recognized in profit or loss; impairment losses and recoveries of other financial assets are recognized in other income and expenses in non-operating income and expenses.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

Preference share is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, and included in finance cost in non-operating income and expenses

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial liabilities are classified as held for trading if acquired principally for the purpose of selling in the short term. The Company designates financial liabilities, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations.

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis.

b) Performance of the financial liabilities is evaluated on a fair value basis.

c) A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and included in financial cost in non-operating income and expenses.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

A financial liability at fair value through profit or loss is measured at cost if it is a short sale of unquoted equity investment whose fair value cannot be reliably measured and the short seller is obligated to deliver the equity instrument.

3) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss(including long-term borrowing and short-term borrowing 、 account payable and other payable) are measured at fair value, plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in operating costs.

(g) Inventory

(i) Construction industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The inventory of construction business are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in bringing them to their existing location and condition and capitalized borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realizable value is estimated as follows:

1) Land held for construction

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

2) Construction-in-progress

Net realizable value is the estimated selling price (current market condition)in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.

3) Properties and land held

Net realizable value is the estimated selling price (refer to the market condition estimated by authority)in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.

(ii) Manufacturer

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Construction contracts (policy applicable before January 1, 2018)

Construction contracts in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to dateless progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contracts in progress is presented as the amount due from customers for contract work in the balance sheets for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as amount due to customers for contract work in the balance sheets.

(i) Joint Arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics(a) the participants are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the entity is exempted from applying the equity method as specified in that Standard.

When assessing the classification of a joint arrangement, the Company shall consider the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of raw materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use, and capitalized borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.ounting.

(k) Propery,plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately unless the useful life and depreciation method of that significant part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expenses

(ii) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(iii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately.

Leased assets are depreciated by the straight line method during the period of expected use, consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(1) Buildings	6～50 years
(2) Transportation equipment	5 years
(3) Office equipemnt	3～5 years
(4) Other equipment	3～5 years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

(l) Lease

(i) Lessor

A finance lease asset is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the net investment in the leased asset. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) Lessee

Other leases are operating leases and are not recognized in the Company’s balance sheets.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

The incentive provided for lease recognize as the deduction for the lease payment under the straight-line basis over the term of the lease.

Contingent rent is recognized as expense in the period in which it is incurred.

(m) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset less its residual value. Except for goodwill and intangible assets with indefinite useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows.

(1) Goodwill and trade mark	1～10 years
(2) Computer software	1～3 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(n) Impairment of non-financial assets

The carrying amounts of the Company’s non financial assets, other than assets arising from construction contracts, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. If it is not possible to determine the recoverable amount (the higher of its fair value less costs of disposal and its value in use) for the individual asset, then the Company will have to determine the recoverable amount for the asset’s cash generating unit (CGU).

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

If there is any change of the estimation of the recoverable amount ,an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Goodwill and intangible assets with indefinite useful lives or those not yet in use are tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination.

If the carrying amount of each of the CGUs exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

(o) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(i) Warranties

A provision for warranties is recognized when the constructions are completed. The provision is based on historical warranty data, and a weighting of all possible outcomes against their associated probabilities. When warranty expense occurs, it would be written off the warranty provision which was recognized before, or warranty expense would be recognized as expense in the current period.

(p) Treasury stock

When the Company takes back treasury stocks that has been issued, the treasury stock would be taken as a deduction in equity, according to the price of the treasury stock (including direct costs) and the treasury stock after net income. The difference between the prices of the treasury stocks sold that has a higher price than its face value is listed as the access paid-in-capital (trade in treasury stock). When the price is lower than the face value, the difference is offset against the capital reserve generated by the exchange of the same type of treasury stock. If there is not enough, it would be debited to retaining earnings. The face value of the treasury stock uses weighted average and is calculated separately according to the reasons returned.

(q) Revenue

(i) Revenue from contracts with customers (policy applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Land development and sale of real estate

The Company develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Company due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Revenue (policy applicable before January 1, 2018)

1) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that a discount will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

(iii) Contract costs-incremental costs of obtaining a contract (policy applicable from January 1, 2018)

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted from the aforesaid discounted present value. The discount rate is the yield at the reporting date on (market yields of high quality government bonds) bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss immediately.

Re-measurement of net defined benefit liability (asset) (including actuarial gains, losses and the return on plan asset and changes in the effect of the asset ceiling, excluding any amounts included in net interest) is recognized in other comprehensive income (loss). The effect of re-measurement of the defined benefit plan is charged to retained earnings.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and change in the present value of defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(s) Income Taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses that are related to business combinations, expenses recognized in equity or other comprehensive income directly, and other related expenses, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following:

(i) Assets and liabilities that are initially recognized from non-business combination transactions, with no effect on net income or taxable gains (losses).

(ii) Temporary differences arising from equity investments on subsidiaries or joint ventures, where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred taxes are measured based on the statutory tax rate on the reporting date or the actual legislative tax rate during the year of expected asset realization or debt liquidation.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) if the entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intend to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation; or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for unused tax losses available for carry-forward, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits and deductible temporary differences are also re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

(t) Business combination

Goodwill is measured at the consideration transferred less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the amount of net assets acquired and liabilities assumed exceeds the acquisition price, the Company reassesses whether it has correctly identified all of the assets acquired and liabilities assumed, and recognizes a gain for the excess.

All transaction costs relating to a business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

The Company shall measure any non controlling interests in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other non controlling interests are evaluated by their fair value or by another basis permitted by the IFRSs endorsed by the FSC.

(u) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration of employees and employee stock options.

(v) Operating segments

Please refer to the consolidated financial report of Highwealth Cocstruciton Corp. for the years ended December 31, 2018 and 2017 for operating segments information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent company only financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(a) Judgment regarding control of subsidiaries

Although the Company owns less than half of Run Long Construction Co., Ltd. and has less than half its voting rights, management has determined that the Company controls the entity. The Company has control over Run Long Construction Co., Ltd. on a de facto basis, Company Run long Construction Co., Ltd. is considered a subsidiary.

(a) Inventory valuation

Inventories are measured at the lower of cost and net realizable value. The Company's evaluate the selling price in the market is below the cost, and write off the cost of inventory to net realizable value. The estimation of net realizable value is based on current market conditions. Please refer note 6(d) for inventory valuation.

The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The fair value measurement of investment property is based on the website of Department of Land Administration and estate agency's website or the close deal in similar district.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. For assumptions used in measuring fair value.Please refer notes as follows:

(a) Note6(i) Investment property.

(b) Note6(x) Financial instruments.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Bank overdrafts used for cash management purposes	$ 2,382	1,365
Demand Deposits	9,391,965	6,289,125
Cash and cash equivalent	**$ 9,394,347**	**6,290,490**

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

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

	December 31, 2018	December 31, 2017
Mandatorily measured at fair value through profit or loss:		
Stocks listed on domestic markets	$ 303,728	-
Put options and call options	1,000	-
Financial assets held-for-trading:		
Stocks listed on domestic markets	-	347,275
Put Options and call options	-	1,000
Total	$ 304,728	348,275

For the net gain or loss on fair value on financial instruments at FVTPL, please refer to note 6(aa).

For credit risk and market risk, please refer to note 6(ab).

Please refer to note 8 for the financial asset held for the date for the years ended December 31, 2018 and 2017.

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

	December 31, 2018
Equity investments at fair value through other comprehensive income:	
Unlisted Common Share	$ 528,381

(i) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity investment at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes and not hold for sale. Therefore, hese investments were classified as available-for-sale and financial assets measured at costs on December 31, 2017.

In 2018, the Company has sold its shares at a fair value of $59,169 thousands and the Company realized a gain of $7,084 thousands, which is already included in other comprehensive income. The gain has been transferred to retained earnings.

(ii) For credit risk (including the impairment of debt investments) and market risk; please refer to note 6(ab).

(iii) As of December 31, 2018, the financial assets at fair value through other comprehensive income of the Company hadn’t pledged as collateral for long-term borrowings.

(d) Available-for-sale financial assets

	December 31, 2017
Investments in listed securities:	
Stock listed on markets	$ 57,043

(i) These investments above were classified as financial assets at fair value through other comprehensive income on December 31, 2018; please refer to note 6(c).

(ii) For credit risk (including the impairment of debt investments) and market risk; please refer to note 6(ab).

(iii) As of December 31, 2017, the financial assets at fair value through other comprehensive income of the Company hadn't pledged as collateral for long-term borrowings

(e) Financial assets measured at cost

	December 31, 2017
Stocks unlisted on domestic markets	$ 18,298

(i) The Company hold for the investment above, it measured by cost deduct impairment at the year ended 2017. As of December 31, 2018, these investments above were classified as financial assets at fair value through other comprehensive income, please refer to note 6(c).

(ii) For credit risk and market risk, please refer to note 6(ab).

(iii) As of December 31, 2017, financial assets measured at amortized costs of the Company hadn't been pledged as collateral for long-term borrowings.

(f) Note and account receivables

	December 31, 2018	December 31, 2017
Note receivables	$ 1,241,151	481,306
Trade receivables	186,748	60,372
Less: loss allowance	5,003	5,003
	$ 1,422,896	536,675

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The expected credit losses of the note receivables and trade receivables for the year ended December 31, 2018 was as followed:

	Gross carrying amount	Weighted-average loss rate	Loss allowance Provision
Current	$ 1,422,896	-	-
365 days past due	5,003	100%	5,003
	$ 1,427,899		5,003

As of December 31, 2017, the Company applies the incurred loss model to consider the loss allowance provision of notes and trade receivable, and the aging analysis of notes and trade receivable was as follows:

	December 31, 2017
Current	$ 536,675
More than 1 year past due	5,003
	$ 541,678

The Company recognized impairment losses for $2,503 thousands for the year ended December 31, 2017. It hadn't recognized loss allowance and reversed in 2018.

(g) Inventory

	December 31, 2018	December 31, 2017
Properties and Land held for sale	$ 21,486,639	15,431,282
Land held for construction sites	17,945,309	13,475,885
Construction in progress	25,951,582	37,635,281
Prepaid for land purchase	913,672	215,200
Total	$ 66,297,202	66,757,648

For the years ended December 31, 2018 and 2017, the cost of good sold recognized in parent company only comprehensive income amounted to $21,848,707 thousands and $8,836,414 thousands, respectively. For the years ended December 31, 2018 and 2017 because parts of properties and land held for sale had been sold, the factor led to net realizable value below cost has been gone, the increase in net realizable value write-off the amount of cost of good sold $1,600 thousands and $4,800 thousands respectively.

For the year ended December 31, 2018,the Company has changed the usage of partial asset, and reclassified properties and land held for sale to property, plant and equipment and investment property according to definition, please refer to note 6(l).

As of December 31, 2018 and 2017, the inventories of the Company had been pledged as collateral for bank borrowings, please refer to note 8.

(h) Investments accounted for using equity method

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

	December 31, 2018	December 31, 2017
Subsidiaries	$ 3,497,665	3,618,739

(i) Subsidiaries

Please refer to consolidated financial statement of 2018.

On November 13, 2017, the Board of Directors made a resolution to increase the capital of Jin Jyun Construction Co., Ltd by $400,000 thousand in cash. The record date of capital increase was November 16, 2017. As of December 31, 2017, all legal procedures were completed.

For the disposal of Jin Jyun Construction Co., Ltd to Run Long Construction Co., Ltd, the resolution of the Board of Directors on September 7, 2018, please refer to note 7.

On November 13, 2018, the Board of Directors made a resolution to establish Highwealth Construction Co., a new subsidiary, with 100% of voting interest by $5,000 thousand. As of December 31, 2018, all legal procedures were completed.

(ii) Guarantees

As of December 31, 2018 and 2017, the investments accounted for using equity method had been pledged as collateral for bank borrowings, please refer to note 8..

(i) Business combination

On October 26 and December 8, 2017, the Company obtained control of Yeh Kee Enterprise Co., Ltd. and Bijiang Enterprise Co., Ltd by acquiring 100% of the shares and voting interests in both company.

(i) Obtaining Yeh Kee Enterprise Co., Ltd.

1) Transfer pricing

In November 22, 2017, the Company obtained 100% control of Yeh Kee Enterprise Co., Ltd. with $2,423,152 thousands.

2) Net identifiable assets at acquisition date

Property, plant and equipment	$ 729
Inventories	2,457,065
Cash and cash equivalents	95,313
Other current assets, others	727
Deferred tax liabilities	(130,634)
Other current liabilities, others	(38)
Other non-current assets, others	(10)
Fair value of net identifiable assets	$ 2,423,152

(ii) Obtaining Bijiang Enterprise Co., Ltd.

1) Transfer pricing

In December 18, 2017, the Company obtained 100% control of Bijiang Enterprise Co., Ltd. with $1,302,900 thousands.

2) Net identifiable assets at acquisition date

Inventories	$	1,360,590
Other current assets, others		45
Deferred tax liabilities		(57,735)
Fair value of net identifiable assets	**$**	**1,302,900**

(j) Changes in a parent's ownership interest in a subsidiary

The Company acquired Run Long Construction Co., Ltd's shares with cash in 2018 and 2017.

The effects of the changes in shareholdings were as follows:

	For the years ended December 31		
		2018	2017
Carrying amount of non-controlling interest on acquisition	$	148,500	85,497
Consideration paid to non-controlling interests		(351,457)	(203,890)
Capital surplus differences between consideration and carrying amounts subsidiaries acquired	**$**	**(202,957)**	**(118,393)**

(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2018 and 2017, were as follows:

	Land	Buildings and construction	Other equipment	Construction in progress	Total
Cost or deemed cost:					
Balance on January 1, 2018	$ 257,691	301,259	39,042	-	597,992
Additions	219,014	113,164	16,880	6,178	355,236
Disposals	-	-	(20,021)	-	(20,021)
Transfer from construction inprogress	-	-	6,178	(6,178)	-
Balance on December 31, 2018	**$ 476,705**	**414,423**	**42,079**	**-**	**933,207**
Balance on January 1, 2017	$ 257,691	301,259	38,681	-	597,631
Additions	-	-	4,862	-	4,862
Disposals	-	-	(4,501)	-	(4,501)
Balance on December 31, 2017	**$ 257,691**	**301,259**	**39,042**	**-**	**597,992**

	Land	Buildings and construction	Other equipment	Construction in progress	Total
Depreciation and impairments loss:					
Balance on January 1, 2018	$ -	50,370	25,915	-	76,285
Depreciation	-	7,232	9,983	-	17,215
Disposals	-	-	(20,009)	-	(20,009)
December 31, 2018	$ -	57,602	15,889	-	73,491
Balance on January 1, 2017	$ -	43,877	23,290	-	67,167
Depreciation	-	6,493	6,170	-	12,663
Disposals	-	-	(3,545)	-	(3,545)
Balance on December 31, 2017	$ -	50,370	25,915	-	76,285
Carrying amounts:					
Balance on December 31, 2018	$ 476,705	356,821	26,190	-	859,716
Balance on December 31, 2017	$ 257,691	250,889	13,127	-	521,707
Balance on January 1, 2017	$ 257,691	257,382	15,391	-	530,464

As of December 31, 2018 and 2017, the property, plant and equipment of the Company had been pledged as collateral for bank borrowings, please refer to note 8.

(l) Investment Property

	Land and improvement	Buildings and construction	Construction in progress	Total
Cost:				
Balance on January 1, 2018	$ 642,894	715,458	132,882	1,491,234
Reclassification from inventories	1,123,788	1,007,186	-	2,130,974
Reclassification from construction in progress	386,640	277,790	(664,430)	-
Additions	-	-	531,548	531,548
Disposals	(82,356)	(76,381)	-	(158,737)
Balance on December 31, 2018	$ 2,070,966	1,924,053	-	3,995,019
Balance on January 1, 2017	$ 187,307	268,708	-	456,015
Reclassification from inventories	475,264	468,978	-	944,242
Additions	-	-	132,882	132,882
Disposals	(19,677)	(22,228)	-	(41,905)
Balance at December 31, 2017	$ 642,894	715,458	132,882	1,491,234
Reclassification from inventories:				
Balance on January 1, 2018	$ 40,818	134,694	-	175,512
Depreciation for the year	-	21,611	-	21,611
Disposals	-	(796)	-	(796)
Balance on December 31, 2018	$ 40,818	155,509	-	196,327
Balance on January 1, 2017	$ 40,818	136,002	-	176,820
Depreciation for the year	-	6,461	-	6,461
Disposals	-	(7,769)	-	(7,769)
Balance on December 31, 2017	$ 40,818	134,694	-	175,512

	Land and improvement	Buildings and construction	Construction in progress	Total
Carrying amounts:				
Balance on December 31, 2018	$ 2,030,148	1,768,544	-	3,798,692
Balance on December 31, 2017	$ 602,076	580,764	132,882	1,315,722
Balance on January 1, 2017	$ 146,489	132,706	-	279,195
Fair value:				
Balance on December 31, 2018				$ 5,944,851
Balance on December 31, 2017				$ 2,882,020

The investment property include several business real estate for rental purpose. Please refer to note 6 (r), 6(x), and 6(y) for more information.

The fair value measurement of investment property is based on the website of Department of Land Administration and estate agency's website or the close deal in similar district. The fair value measurement for investment property has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

As of December 31, 2018 and 2017, the Company's investment property had been pledged as collateral for bank borrowings; please refer to note 8.

(m) Other current assets and other non-current assets

	December 31, 2018	December 31, 2017
Other current financial assets	$ 3,174,073	3,278,704
Current incremental costs of obtaining a contract	700,286	-
Other non-current financial assets	6,729,809	2,515,655
	$ 10,604,168	5,794,359

(i) Other financial asset

Other financial assets include Trust account for presale of properties and land restricted deposit and construction deposit.

(ii) Current incremental costs of obtaining a contract

The Company expects that incremental commission fees paid to intermediaries, and the bonus for the internal sales department are recoverable The Company has therefore capitalized them as contract costs. Capitalized commission fees are amortized when the related revenues are recognized. For theyear ended December 31, 2018, the Company recognized $911,881 thousands of amortized expense.

(iii) As of December 31, 2018 and 2017, the other financial assets of the Company had pledged as collateral for long-term borrowings, please refer to note 8.

(n) Short-term borrowings

	December 31, 2018	December 31, 2017
Unsecured bank loans	$ 4,233,333	2,033,333
Secured bank loans	25,678,856	23,991,640
Total	$ 29,912,189	26,024,973
Range of interest rates	1.65%~2.30%	1.65%~2.48%

(i) The issue of bank loan and repayment

For the years ended December 31, 2018 and 2017, the incremental amounts are $18,061,505 thousand and $18,837,460 thousand, respectively; the repayment amounts are $13,386,069 thousand and $17,815,056 thousand, respectively. Please refer to note 6(aa) for interest expense.

(ii) Collateral for Bank Loans

For the collateral for short-term borrowings, please refer to note 8.

(o) Short-term notes and bills payable

	December 31, 2018		
	Guarantee or acceptance institute	Range of interest rate	Amount
Commercial paper payable	Financial institute	1.60%~1.688%	$ 3,764,200
Less: Discount on short-term notes and bills payable			(15,536)
Total			$ 3,748,664

	December 31, 2017		
	Trust or acceptance institute	Range of interest rate	Amount
Commercial paper payable	Financial institute	1.638%~1.688%	$ 2,689,400
Less: Discount on short-term notes and bills payable			-
Total			$ 2,689,400

For the collateral for short-term notes and bills payable, please refer to note 8.

(p) Long-term borrowings

The Company’s long-term borrowings details、conditions and provisions were as follows:

	December 31, 2018			
	Currency	Range of interest rate	Maturity	Amount
Secured bank loans	TWD	1.69%~2.25%	110~127	$ 3,364,510
Less:current portion				(94,398)
Total				$ 3,270,112

	December 31, 2017			
	Currency	Range of interest rate	Maturity	Amount
Secured bank loans	TWD	2.09%~2.16%	111~119	$ 943,805
Less:current portion				(4,374)
Total				$ 939,431

(i) The issue of bank loan and repayment

The amount issued for the years ended December 31, 2018 and 2017 are $1,703,511 thousand and zero, respectively; the repayment amounts are $71,026 thousand and $4,320 thousand, respectively, please refer to note 6 for interest expense.

(ii) Collateral for Bank Loans

For the collateral for long-term borrowings, please refer to note 8.

(q) Bonds payable

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

	December 31, 2018	December 31, 2017
Secured convertible bonds-current	$ 10,154,927	10,043,956
Secured ordinary corporate bond-current	9,460,166	6,977,313
Total	$ 19,615,093	17,021,269

(i) The Company issued a secured ordinary corporate bond amounting to $2,500,000 thousand with an interest rate of 0.9% in may 2018. The secured ordinary corporate bond was issued for 5 years, interest paid annually, repayment of principal and interest at maturity.

(ii) The Company's details of secured convertible bonds were as follows:

	December 31, 2018	December 31, 2017
Secured convertible bonds	$ 10,577,820	10,577,820
Discount on bonds payable-unamortized amount	(422,893)	(533,864)
Ending balance: bonds payablle	$ 10,154,927	10,043,956
Embedded derivatives- put option and call option (FVPL)	$ 1,000	1,000

	For the years ended December 31	
	2018	2017
Embedded derivative - put option and call option (FVPL)		
(List on other profit or loss)	$ -	1,000

In June 2017, the Company issued a secured 5-year convertible bond with zero interest for $10,577,820 with the following conditions:

1) The conversion price was $57.1 per share, when it comes to adjusting conversion price of subsidiary's common share, it should adhere to the Company's conversion rules. The conversion price change with formula within issuance details. The secured convertible bond does not have reset feature.

2) At any time within three months after the issuance date till 40 days before maturity date, the subsidiary would repurchase the bond at the face value if the close of the subsidiary's ordinary share price exceeded 130% of the bond's conversion price for successive 30 days, or the outstanding value of the bond was lower than 10% of the total issuance value.

3) The bondholders can execute put options after three years from the issuance date, the redemption value is 103.7971% of the bonds value (the real yield is 1.25%).

4) Unless the bond has been redeemed before maturity, repurchased and cancelled or converted, the bond will be redeemed by the Company on the maturity date at 106.4082% of the principal amount of the bond (the real yield is 1.25%).

(iii) For the details of collateral of secured convertible bonds and bonds payable, please refer to note 8.

(iv) Please refer to the note 6(aa) for the interest expense for the years ended December 31, 2018 and 2017.

(r) Operating lease

(i) Leases as lessor

The Company leases out its investment properties, please refer to note 6(l). The future minimum lease payments under non-cancellable leases are as follows:

	December 31, 2018	December 31, 2017
Less than one year	$ 75,663	40,623
Between one and five years	188,302	136,254
	$ 263,965	176,877

The rental income from investment property for the years ended December 31, 2018 and 2017 are $49,579 thousand and $17,555 thousand, The maintanence expense come from investment property list on operating cost and administration expense are as followed:

	For the years ended December 31	
	2018	2017
Rental income generate unit	$ 52	141

(s) Advanced receipt

	December 31, 2017
Advanced receipt- properties and land	$ 6,242,964
Advanced receipt- rent	2,197
Others	3,279
	$ 6,248,440

The advanced receipt recognized as contract liability for the year ended December 31, 2018, please refer to note 6(x). The contract price of advanced payment- properties and land, please refer to note 9(a).

(t) Employee benefits

(i) Defined benefit plans

The expenses recognized in profit or loss for the Company were as follows:

	December 31, 2018	December 31, 2017
The present value of defined benefit plans	$ 59,792	60,097
Fair value of plan asset	(25,799)	(24,177)
Net defined benefit liability	$ 33,993	35,920

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $25,799 thousand as of December 31, 2018. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	For the years ended December 31	
	2018	2017
Defined benefit obligations at January 1	$ 60,097	58,897
Current service cost and interest	1,463	1,529
Remeasurements loss (gain):		
－Return on plan assets excluding interest income	(1,768)	(329)
Defined benefit obligations at December 31	$ 59,792	60,097

3) Change of fair value of plan asset

The amounts included in the parent company only balance sheets in respect of the Company's fair value of plan asset for the years ended December 31, 2018 and 2017 were as follows:

	For the years ended December 31	
	2018	2017
Balance at January 1	$ 24,177	23,286
Gains (losses) on remeasurements of defined benefit plans		
－Return on plan assets(excluding amounts included in net interest)	633	(96)
Amount that has been allocated to the plan	653	662
Expected return on Plan asset	336	325
Fair value of plan assets, December 31	$ 25,799	24,177

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	For the years ended December 31	
	2018	2017
Current service cost	$ 638	719
Net interest of net liabilities for defined benefit obligations	489	485
	$ 1,127	1,204
Administration expense	$ 1,127	1,204

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company' s remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2018 and 2017, was as follows:

	For the years ended December 31	
	2018	2017
Accumulated amount at January 1	(14,258)	(14,491)
Recognized during current period	2,401	233
Accumulated amount at December 31	$ (11,857)	(14,258)

6) Actuarial valuations

The principal actuarial assumptions at the reporting date were as follows:

	2018.12.31	2017.12.31
Discount rate	1.125%	1.375%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $653 thousand.

The weighted average lifetime of the defined benefits plans is 12.96 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2018		
Discount rate	$ (1,705)	1,765
Future salary increase rate	1,714	(1,665)
December 31, 2017		
Discount rate	(1,843)	1,911
Future salary increase rate	1,863	(1,806)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2018 and 2017.

(ii) Defined contribution plans

The Company allocates 6% of each employee’ s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance for the year ended December 31, 2018 amounted to $8,994 thousand and $9,041 thousand, respectively.

(u) Income tax

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the FY 2018 corporate income tax return.

(i) Tax expense

The components of income tax for the years ended December 31, 2018 and 2017 were as follows:

	For the years ended December 31	
	2018	**2017**
Current tax expense		
Current period	$ 17,741	-
Land value increment tax	294,924	167,863
Additional 10% surtax on unappropriated earnings	28	2,596
Adjustment for prior periods	-	65
Tax expense	$ 312,693	170,524

The reconciliation of tax expense and income before rax for the years ended December 31, 2018 and 2017 are as follows:

	For the years ended December 31	
	2018	**2017**
Income before tax	$ 7,168,837	2,099,785
Income tax expense at domestic statutory tax rate	1,433,768	356,963
Land tax exempt income	(1,270,924)	(385,555)
Book –tax difference between recognition time	148,869	41,742
Book –tax difference of capitalization	(114,260)	(32,113)
Profit or loss from investment accounted for using equity method	(117,293)	(18,550)
Book –tax difference between deferred sales commision	(29,055)	38,208
Land value increment tax	294,924	167,863
Financial assets measured at fair value through profit and loss	13,965	(24,312)

	For the years ended December 31	
	2018	2017
Unrealized profit or loss from associated company	4,097	(386)
Tax loss deduction	(38,946)	-
Additional 10% surtax on unappropriated earnings	28	2,596
Adjustment for prior periods	-	65
Others	(12,480)	24,003
Total	$ 312,693	170,524

(ii) Deferred tax asset and liability recognized

Deferred tax asset:

	Investment property impairment	Others	Total
Balance on January 1, 2018	$ 11,242	3,302	14,544
Balance on December 31, 2018	$ 11,242	3,302	14,544
Balance on January 1, 2017	$ 11,242	3,302	14,544
Balance on December 31, 2017	$ 11,242	3,302	14,544

	Others
Balance on January 1, 2018	$ 340
Balance on **December 31, 2018**	$ 340
Balance on January 1, 2017	$ 340
Balance on **December 31, 2017**	$ 340

(iii) The Company's income tax had been examined by the tax authorities till 2016.

(v) Capital and other equity

(i) Ordinary shares

As of December 31, 2018 and 2017, the number of authorized ordinary shares were 1,500,000,000 shares with par value of $10 per share. The total value of authorized ordinary shares were amounted to $15,000,000 thousand. The relevant statutory registration procedures have since been completed. As of that date, 1,166,626,600 of ordinary shares amounted $11,666,266 thousand were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

	December 31, 2018	December 31, 2017
Share capital	$ -	24,154
Treasury share transactions	259,119	404,381
Difference arising from subsidiary's equity	33,525	55,327
Conversion of bonds	-	2,079,888
Capital surplus-premium from merger	62	62
Donation from shareholders	3,396	-
Other	8,357	8,357
	$ 304,459	2,572,169

As of June 11 2018 and June 11 2017 ,A resolution was passed during the general meeting of shareholders held on for cash dividends distributed by capital surplus per share $2.008 dollars and $0.127 dollars. Amounting to $2,342,586 thousand and $148,162 thousand, respectively.

According to Corporate Law. Capital surplus used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital. The realization of capital surplus limited to 10% of paid-in capital.

(iii) Retained earnings

The after-tax earnings are initially used to offset cumulative losses, and then appropriated 10% of Legal reserve and then a special reserve is appropriated from the remainder. Except for legal reserve has reached to the amount of paid –in capital. From the remaining amount add unappropriated earnings at the beginning date will be equal to the accumulated distribuable earnings. The accumulated earnings mentioned above should be proposed by Board of directors and resoluted by shareholder's meeting. When it comes to allocating the earnings cash dividends shall not be less than 10% of the total amount dividends. Our corporate is aware of the diversity of the economic environment for the sustainable and long –term development,the board of director should focus on the sustainability and growth rate for dividends and decide the appropriate dividend distributing strategy based on the operating for the current year and capital budgeting plan for the following year.

1) Legal reserve

According to the company law, the company should appropriate 10% of Legal reserve till the total amount of capital .When the Company has no deficit, such legal reserve may be distributed as cash dividends or issuing new shares after the resolution of shareholder's meeting. Only to the extent that the reserve exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of unappropriated earnings prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2017 and 2016 was decided by the resolution adopted, at the general meeting of shareholders held on June 11, 2018 and June 13, 2017, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2017		2016	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	1.492	$ 1,740,607	4.873	5,684,971

(iv) Treasury shares

1) In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. As of December 31, 2018, the Company hadn't repurchase any share.

2) Subsidiaries, Ace Riches International Corp., Highwealth Real Estate Co., Ltd. and Chyi Yuh Construction Co., Ltd. held part of the Company's shares. As of December 31, 2018 and 2017. the market price per share were $45.0 and $42.3, respectively.

The details of the treasury shares held by subsidiaries are as followed:

	December 31, 2018		December 31, 2017	
Subsidiary	Shares (thousands)	Book value	Shares (thousands)	Book value
Ace Riches International Corp.	4,162	$ 1,733	4,162	1,733
Highwealth Real Estate Co., Ltd.	8,045	10,850	8,045	10,850
Chyi Yuh Construction Co., Ltd.	2,495	-	2,495	-
Run Long Construction Co., Ltd.	11,950	54,178	11,950	56,846
	26,652	$ 66,761	26,652	69,429

(v) Other equity items

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total
Balance on January 1, 2018	$ 436	-	4,958	5,394
Effects of retrospective application	-	471,689	(4,958)	466,731
Balance on January 1, 2018 after adjustments	436	471,689	-	472,125
Exchange differences on foreign operations	(92)	-	-	(92)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	45,478	-	45,478
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(7,084)	-	(7,084)
Balance at December 31, 2018	**$ 344**	**510,083**	**-**	**510,427**
Balance on January 1, 2017	$ 508	-	1,712	2,220
Exchange differences on translation of foreign operations	(72)	-	-	(72)
Unrealized gains (losses) on available for sale financial assets	-	-	3,246	3,246
Balance at December 31, 2017	**$ 436**	**-**	**4,958**	**5,394**

(w) Earnings per share

(i) Basic earnings per share

The Company's Basic earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2018 and 2017 are $6,856,144 thousand and $1,929,261 thousand, respectively, and the weighted average number of ordinary shares outstanding for 2018 and 2017 are 1,139,975 thousand shares. For related calculation are as follows:

1) Profit attributable to ordinary shareholders of the Company

	For the years ended December 31	
	2018	**2017**
Profit attributable to ordinary	**$ 6,856,144**	**1,929,261**

2) Weighted-average number of ordinary shares

	For the years ended December 31	
	2018	2017
Ordinary shares outstanding at January 1	1,166,627	1,166,627
Treasury shares	(26,652)	(26,652)
Weighted-average number of ordinary shares at December 31	1,139,975	1,139,975

(ii) Diluted earnings per share

The Company's diluted earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2018 and 2017 are $6,947,766 thousand and $1,980,219 thousand respectively. After adjusting the effect of dilution of ordinary share, the weighted average number of ordinary shares for 2018 and 2017 are 1,316,199 thousand and 1,199,178 thousand shares, respectively. For related calculation are as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	For the years ended December 31	
	2018	2017
Profit attributable to ordinary shareholders of the Company (diluted)	$ 6,947,766	1,980,219

2) Weighted-average number of ordinary shares

	For the years ended December 31	
	2018	2017
Weighted-average number of ordinary shares (basic)	1,139,975	1,139,975
Effect of conversion of convertible notes	175,131	58,377
Effect of restricted employee shares unvested	1,093	826
Weighted-average number of ordinary shares (diluted)	1,316,199	1,199,178

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2018
	Sales of real estate department
Primary geographical markets:	
Taiwan	$ 30,717,971

		For the year ended December 31, 2018
		Sales of real estate department
Major products/services lines:		
Sales of real estate	$	30,663,635
Other revenue		54,336
	$	30,717,971
Timing of revenue recognition:		
Revenue transferred at a point in time	$	54,336
Products and services transferred over time		30,663,635
	$	30,717,971

For details on revenue for the year ended December 31, 2017 please refer to note 6(y).

(ii) Contract balances

		December 31, 2018	January 1, 2018
Contract liabilities-Sales of real estate	$	2,891,226	6,242,964
Contract liabilities-Advance receipt		8,353	5,476
Total	$	2,899,579	6,248,440

For details on accounts receivable and allowance for impairment, please refer to note 6(f).

As of January 1st, 2018, the beginning balance of contract liabilities that were accounted for as 2018 revenue amounts to $4,401,888 thousand.

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the year ended December 31, 2018.

The Company' s advanced receipt of properties and land presale was deposit in real estate trust account of bank, and classified as other current financial assets. The details of real estate trust account of bank on December 31, 2018 were as follows:

		December 31, 2018
Nankang Third	$	64,506
Sec.3 Kangning		76,576
Longfu second		9,929
Xingzhuang Section		247,647
Guangwu Section		485,997

	December 31, 2018
Zhuangjing 671	11,634
Huixing Section	140,440
Bai Lun Section	288,668
Fu De Section	159,136
Liu He Section	11,415
Guo Mao Section	97,248
Dongshi Second	11,258
Taike Section	50,875
LongZhong six	1,026
YongCui Section	121,034
	$ 1,777,389

(y) Revenue

Details of the Company's for the year ended December 31, 2017 revenue details was as follows:

	For the year ended December 31 2017
Revenue obtained from sales of real estate	$ 12,214,023
Rent revenue	38,674
	$ 12,252,697

Refer to note 6(x) for the year ended December 31, 2018 revenue.

(z) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 0.1%of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The remunerations to employees and directors amounted to $60,000 thousand and $35,400 thousand, respectively, for the years ended December 31, 2018 and 2017. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

(aa) Other operating income and expense

(i) Other income

For the years ended December 31, 2018 and 2017 revenue were as follows:

	For the years ended December 31	
	2018	2017
Interest income	$ 14,156	9,821
Contract termination income	158,491	258,942
Dividend income	44,603	18,688
Others	202,518	75,285
	$ 419,768	362,736

(ii) Other gains and losses

For the years ended December 31, 2018 and 2017 other gains and losses were as follows:

	For the years ended December 31	
	2018	2017
Losses on disposal of property, plant and equipment	$ (12)	(575)
Gains (losses) on disposal of investments	288,513	(3,826)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(69,826)	143,014
Other expenses	(2,011)	(11,226)
	$ 216,664	127,387

(iii) Finance costs

For the years ended December 31, 2018 and 2017 details of finance cost of the Company were as follows:

	For the years ended December 31	
	2018	2017
Interest expense		
Bank loans and collateral	$ 876,958	751,951
Amortization on discounted corporate bond	116,179	65,075
Interest on corporate bond	90,877	79,089
Less: capitalized interest	(495,516)	(534,291)
	$ 588,498	361,824

(ab) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

The Company has a vast client base that is not connected; thus, the ability to concentrate the credit risk is limited.

3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(6).

Other financial assets at amortized cost includes other receivables, investments in government bonds, corporate bonds and time deposits (previously classified as held-to-maturity investments and bond investment without an active market on December 31, 2017).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

The loss allowance provision as of December 31, 2018 was determined as follows:

	Other receivables
Balance on January 1, 2018 (Under IAS39)	$ 8,235
Adjustment on initial application of IFRS 9	-
Balance on January 1, per IFRS 9	**$ 8,235**

(ii) Liquidity risk

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

	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2018				
Non derivative financial liabilities:				
Secured loans	$ 31,350,689	2,549,253	25,219,551	3,581,885
Unsecured loans	4,359,395	303,978	4,055,417	-
Short-term transaction instrument payables	3,764,200	3,764,200	-	-
Convertible bond	10,640,820	-	10,640,820	-
Ordinary corporate bonds	9,788,502	100,000	9,688,502	-
Notes payable, accounts payable and other payable	2,810,894	2,737,519	72,037	1,338
	$ 62,714,500	9,454,950	49,676,327	3,583,223
December 31, 2017				
Non derivative financial liabilities:				
Secured loans	$ 26,394,220	4,875,483	20,421,907	1,096,830
Unsecured loans	2,095,370	70,703	2,024,667	-
Short-term transaction instrument payables	2,689,400	2,689,400	-	-
Convertible bond	10,640,820	-	10,640,820	-
Ordinary corporate bond	7,266,878	77,500	7,189,378	-
Notes payable, accounts payable and other payable	2,547,911	2,464,396	82,645	870
	$ 51,634,599	10,177,482	40,359,417	1,097,700

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

(iii) Currency risk

1) Currency risk exposure: None

2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5% basis points, the Company's net income would have increased / decreased by $185,127 thousand and $148,291 thousand for the years ended December 31, 2018 and 2017. Taking into account that capitalized interest of profit may decrease or increase by $100,503 thousand and $59,875 thousand. This is mainly due to the Company's borrowing at variable rates.

3) Other market price risk

For the years ended December 31, 2018 and 2017, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31			
	2018		2017	
Prices of securities at the reporting date	**Comprehensive Income (Loss) (net of tax)**	**Net Income (Loss) (net of tax)**	**Comprehensive Income (Loss) (net of tax)**	**Net Income (Loss) (net of tax)**
Increase 10%	$ 52,838	30,373	5,704	34,728
Decrease 10%	$ (52,838)	(30,373)	(5,704)	(34,728)

(iv) Information of fair value

1) Valuation techniques for financial instruments measured at fair value

The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, and financial assets at fair value through other comprehensive income (available for sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

	December 31, 2018				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 1,000	-	1,000	-	1,000
Derivative financial assets mandatorily measured at fair value through profit or loss	303,728	303,728	-	-	303,728
Subtotal	$ 304,728	303,728	1,000	-	304,728
Financial assets at fair value through other comprehensive income					
Stocks in unlisted company	$ 528,381	528,381	-	-	528,381
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 9,394,347	-	-	-	-
Notes and accounts receivable	1,422,896	-	-	-	-
Other financial assets- current	3,174,073	-	-	-	-
Other financial assets- non-current	6,729,809	-	-	-	-
Subtotal	$ 20,721,125	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term loans	$ 29,912,189	-	-	-	-
Short-term transaction instrument payables	3,748,664	-	-	-	-
Notes payable, accounts payable and other payables	2,810,894	-	-	-	-
Other financial liabilities- current	116,648	-	-	-	-
Corporate bonds payable	19,615,093	-	-	-	-
Long-term loans (Due within 1 year)	3,364,510	-	-	-	-
Subtotal	$ 59,567,998	-	-	-	-

	December 31, 2017				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 1,000	-	1,000	-	1,000
Derivative financial assets mandatorily measured at fair value through profit or loss	347,275	347,275	-	-	347,275
Subtotal	$ 348,275	347,275	1,000	-	348,275
Financial assets at fair value through other comprehensive income					
Stocks in unlisted company	$ 57,043	57,043	-	-	57,043
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 6,290,490	-	-	-	-
Notes and accounts receivable	536,675	-	-	-	-
Other financial assets- current	3,278,704	-	-	-	-
Other financial assets- non-current	2,515,655	-	-	-	-
Subtotal	$ 12,621,524	-	-	-	-

	December 31, 2017				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term loans	$ 26,024,973	-	-	-	-
Short-term transaction instrument payables	2,689,400	-	-	-	-
Notes payable, accounts payable and other payables	2,547,911	-	-	-	-
Other financial liabilities- current	58,943	-	-	-	-
Corporate bonds payable	17,021,269	-	-	-	-
Long-term loans (Due within 1 year)	943,805	-	-	-	-
Subtotal	$ 49,286,301	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost (debt investment that has no active markets) and financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The fair value of financial assets, which is regarded as being quoted in an active market, held by the Company is disclosed as follows sorted by character:

i) A financial instrument being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

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

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

4) Transfers between Level 1 and Level 2

Stock held by the Company quoted in an active market is sorted to Level 1. There is no difference regarding valuation techniques between 2018 and 2017. There is no transfer between first and second level measured at fair value in 2018 and 2017.

(ac) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Trade and other receivable

The Company is credit risk is affected by its clients. Accounts receivable generated by selling real estate has a lower credit risk since the payment is completed by the masses with transferring, check ,or loans form the bank.

The Company discloses the estimation of accounts receivables' and other receivables' loss with allowance for bad debt account. Allowance for bad debt account is composed with specific losses and batch of unrecognized losses components. Unrecognized losses components are determined by historically statistical data from similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2018 and 2017, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(ad) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabiltiies.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital.

This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of 2018, the Company's capital management strategy is consistent with the prior year as of 2017. The gearing ratio is maintained so as to ensure an "A" credit rating and ensure financing at reasonable cost. The Company's debt-to-equity ratio at the end of the reporting period as of December 31 2018, is as follows:

	December 31, 2018	December 31, 2017
Total liabilities	$ 62,821,652	55,842,642
Less: cash and cash equivalents	(9,394,347)	(6,290,490)
Net debt	53,427,305	49,552,152
Total Equity	34,180,147	30,692,772
Less: hedging reserve	**$ 87,607,452**	**80,244,924**
Debt-to-equity ratio	**60.98%**	**61.75%**

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Company's subsidiaries during the periods covered in the parent company only financial statements.

Name of related party	Relationship with the Company
Chyi Yuh Construction Co., Ltd	Subsidiary company
Ace Riches International Corp.	Subsidiary company
Highwealth Real Estate Co., Ltd.	Subsidiary company
Jn Jyun Construction Co., Ltd	Subsidiary company
Bo Yuan Construction Co., Ltd	Subsidiary company
Guang Yang Investment Co., Ltd	Subsidiary company
Quan Xiang Trading (Shanghai) Co., Ltd	Subsidiary company
Quan Xiang Trading (Shanghai) Co., Ltd	Subsidiary company
Xingfuyu Trading (Xiamen) Co., Ltd	Subsidiary company
Run Long Construction Co., Ltd	Subsidiary company
Yeh Kee Enterprise Co., Ltd.	Subsidiary company
Bijiang Enterprise Co., Ltd	Subsidiary company

Name of related party	Relationship with the Company
Highwealth Construction Co., Ltd.	Subsidiary company
Tsai, Tsung-Bin	Key management personnel
Jeng, Shiou-Huei	Director of the Company
You, Jr-Bin	Supervisor (resigned at June 13, 2017)
Jeng, You-Sheng	Key management personnel of subsidiary company

(b) Significant transactions with related parties

(i) Operating revenue

Significant selling amount to related parties and the remaining balance were as follows:

	Recognized revenue in current period		Advanced payment	
	For the years ended December 31			
	2018	2017	December 31, 2018	December 31, 2017
Subsidiary- Run Long Construction Co., Ltd.	$ 990,596	-	-	113,593

There were no significant difference of the price and conditions for related parties and ordinary contract mentioned above.

(ii) Purchase

Significant purchasing amount to related parties and the remaining balance were as follows:

	Purchasing		Accumulated amount	
	For the years ended December 31			
	2018	2017	2018	2017
Subsidiary:				
Chyi Yuh Construction Co., Ltd	$ 4,019,402	5,034,337	11,957,459	10,508,306
Other subsidiaries	1,243,699	145,347	1,550,512	322,793
	$ 5,263,101	5,179,684	13,507,971	10,831,099

There were no significant difference of the price and conditions for related parties and ordinary contract mentioned above.

(iii) Receivables from related parties

The details of receivables from related parties were as follows:

Accounted items	Catagories	December 31, 2018	December 31, 2017
Accounts receivable	Subsidiaries	$ 1,315	1,150
Other receivables	Subsidiaries	1,476	4,138
		$ 2,791	5,288

(iv) Payables to related parties

The payables to related parties were as follows:

Accounted items	Catagories	December 31, 2018	December 31, 2017
Accounts payable	Subsidiaries: Chyi Yuh Construction Co., Ltd	$ 462,525	822,552
Accounts payable	Jin Jyun Construction Co., Ltd	173,018	13,118
Accounts payable	Subsidiaries	8,255	7,162
Other payables	Subsidiaries	17,912	5,364
		$ 661,710	848,196

(v) Contract liabilities (Advanced receipts)

The details of contract liabilities from related parties were as follows:

Catagories	Note	December 31, 2018	December 31, 2017
Subsidiaries	Prepaid rents and administration fees	$ 5,980	3,379

(vi) Guarantees

The Company provided guarantees to subsidiary company. As of December 31, 2018 the guarantee ceiling was $9,501,390 (2017:$10,992,890) and the amount was $5,636,434 (2017:$5,750,690).

Subsidiaries provided land for guarantees to the Company. As for December 31, 2018 the guarantee ceiling was $1,922,700 (2017:$1,922,700) and the amount was $1,922,700 (2017:$ 0). In 2018, the Company paid subsidiary company 30,942 as handling fee for the guarantee mention above.

(vii) Others

1) The Details of the Company renting offices from related parties is as follows:

	Guarantee deposit		Rental expense	
	For the years ended December 31			
	2018	2017	2018	2017
Subsidiaries	$ 1,614	614	8,148	1,755
Other related parties	-	-	274	-
	$ 1,614	614	8,422	1,755

2) Recognizing rental revenue due to renting offices to related parties:

	For the years ended December 31	
	2018	2017
Subsidiaries	$ 2,162	1,444

3) Recognizing other income due to signing entrusted administration contract with related parties:

	For the years ended December 31	
	2018	2017
Subsidiaries	$ 504	-

4) Paying consulting and service fee to relating parties for selling real estate on consignment:

	For the years ended December 31	
	2018	2017
Subsidiary company－Ace Riches International Corp.	$ 60,048	54,939
Other related parties	-	45,148
	$ 60,048	100,087

5) Paying administration expense to related parties for administrating constructing site:

	For the years ended December 31	
	2018	2017
Subsidiaries	$ 30,308	71,008

6) As of December 31, 2018 and 2017, cooperation cases with related parties were as follows:

Case Name	Catagories	Type	Security
2018.12.31			
Buo Shao Section	Landowner-subsidiary company-Yeh Kee Enterprise Co., Ltd.	Cooperation cases	Refundable deposit$ 80,000
Buo Shao Section	Landowner-subsidiary company-Bijiang Enterprise Co., Ltd	Cooperation cases	Refundable deposit 42,500
Guo Mao Section	Builder-subsidiary company-Run Long Construction Co., Ltd.	Cooperation cases	Guarantee deposit 100,000
2017.12.31			
Dongshi First	Landowner-subsidiary company-Run Long Construction Co., Ltd.	Cooperation cases	Refundable deposit$ 61,800
Guo Mao Section	Builder-subsidiary company-Run Long Construction Co., Ltd.	〃	Guarantee deposit 50,000

7) Performance bond received from related parties for contract work:

	December 31, 2018	December 31, 2017
Subsidiary company	$ 166,701	127,734

8) In September, 2008, The Company sold a portion of land to Mr. Tsai,Tsung-Bin with a land developing plan at 5 million dollars, recognized as other payables. The Company would repurchase the land without any interest if the plan was not completed within three years. Both parties agreed lengthening the expiray date unconditionally in October 20 2011. As of December 31, 2018 and 2017, other paybles are both 5 million dollars.

9) In September 2018, the Company sold 50,000 thousand shares of Jin Jyun Construction Co., Ltd. to Run Long Construction Co., Ltd. with the price $518,300. Gain from disposal was recognized as the equity transaction. As of December 31, 2018, transactions were entirely completed.

(c) Key management personnel transactions

	For the years ended December 31	
	2018	2017
Short-term employee benefits	$ 60,338	67,463

(8) Pledged assets:

Pledged assets	Object	December 31, 2018	December 31, 2017
Financial assets at FVTPL	Mortgage	$ 168,600	209,700
Inventories (construction)	Mortgage, issuing commercial paper and bonds payable	45,611,872	41,636,416

Pledged assets	Object	December 31, 2018	December 31, 2017
Other financial assets- current and non-current	Mortgage, issuing commercial paper, performance bond, real estate trust account and bond payable	9,087,489	5,008,301
Investment accounted for using equity method	Mortgage	1,300,497	-
Property, plant and equipment	Mortgage and bonds payable	833,526	508,580
Investment property at net value	Mortgage and bonds payable	3,478,657	1,174,619
		$ 60,480,641	48,537,616

As of December 31, 2018 and 2017, the book value of pledged assets providing undrawn guaranteed loan are $10,535,553 thousand and $3,104,637 thousand, respectively.

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

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

	December 31, 2018	December 31, 2017
Amount of signed contracts	$ 25,236,536	30,748,690
Received amount from contracts	$ 2,891,226	6,242,964
Outstanding checks received from presale cases	$ 1,031,575	794,279

(ii) Unrecognized commitments generated by signing contracts for purchasing land for construction, building bulk ,and investment properties are as follows:

	December 31, 2018	December 31, 2017
Acquisition of inventory (construction)	$ 3,686,539	1,978,476
Acquisition of investment property	$ -	531,548

(b) Others

As of December 31, 2018 and 2017 the refundable deposit paid for cooperation cases are $445,249 thousand and $479,971 thousand, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, were as follows:

By funtion By item	For the year ended December 31					
	2018			2017		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits						
Salary	-	360,828	360,828	-	285,827	285,827
Labor and health insurance	-	21,893	21,893	-	17,446	17,446
Pension	-	10,121	10,121	-	10,245	10,245
Remuneration of directors	-	21,685	21,685	-	9,550	9,550
Others	-	-	-	-	-	-
Depreciation	21,611	17,215	38,826	6,461	12,663	19,124
Depletion	-	-	-	-	-	-
Amortization	-	3,819	3,819	-	2,685	2,685

In 2018 and 2017, the Company had 291 and 301 employees, of which 4 directors were not in concurrent employment, respectively.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The company	Chyi Yuh Construction Co., Ltd	2	$34,180,147	8,158,000	7,626,000	4,193,000	-	22.31%	68,360,294	Y	N	N
0	The company	Bo Yuan Construction Co., Ltd	3	34,180,147	2,734,890	1,695,390	1,443,434	-	4.96%	68,360,294	Y	N	N
0	The company	Well Rich International Co., Ltd	3	34,180,147	180,000	180,000	-	-	0.53%	68,360,294	Y	N	N
1	Yeh Kee Enterprise Co., Ltd	The company	2	34,180,147	1,922,700	1,922,700	1,922,700	1,922,700	5.62%	68,360,294	N	Y	N

Note 1: The numbering is as follows:
1.“0” represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The relationship between the guarantee and the guarantor are as follows:
1. Transactions between the companies.
2. The Company directly or indirectly holds more than 50% voting right.
3. When other companies directly or indirectly hold more than 50% voting rights of the Company.
4. The Company directly or indirectly holds more than 90% voting right.
5. A company that is mutually protected under contractual requirements based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
7. Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

Note 3: The Company and its subsidiaries endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise:
1. The total amount of guarantee for external endorsement shall not exceed 200% of the net value of the company.
2. The guarantee amount for a single enterprise endorsement shall not exceed 100% of the current net value of the company.

(iii) Securities held as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Note
The Company	Stock-Lee Shuo investment Co., Ltd.	-	Total non-current financial assets at fair value through other comprehensive income	712,500	$ 523,015	19.00%	523,015	
〃	Stock-Super Communications Incorporation	-	Total non-current financial assets at fair value through other comprehensive income	36,480	366	0.13%	366	
The Company	Stock-Shin Kong Rral Estate Management Co., Ltd.	-	Total non-current financial assets at fair value through other comprehensive income	500,000	5,000	1.67%	5,000	
〃	Stock- Da-Ll Development Co., Ltd.	-	Financial assets at fair value through profit or loss-current	9,564,963	268,776	3.92%	268,776	
〃	Stock- Hung Sheng Construction Co., Ltd.	-	Financial assets at fair value through profit or loss-current	1,368,000	34,952	0.18%	34,952	
Ace Riches International Corp.	Stock- Highwealth Construction Corp.	Parent Company	Financial assets at fair value through other comprehensive income-current	4,162,135	187,296	0.36%	187,296	
Highwealth Real Estate Co., Ltd.	Stock- Highwealth Construction Corp.	Parent Company	Total non-current financial assets at fair value through other comprehensive income	8,044,810	362,016	0.69%	362,016	
Chyi Yuh Construction Co., Ltd	Stock- Highwealth Construction Corp.	Parent Company	Total non-current financial assets at fair value through other comprehensive income	2,495,092	112,279	0.21%	112,279	
〃	Company Debt- China Rebar Co., Ltd.	-	inancial assets at amortized cost-current	3	-	- %	-	Note 1
〃	Stock- Da-Ll Development Co., Ltd.	-	Financial assets at fair value through profit or loss-current	6,719,236	188,810	2.75%	188,810	
Run Long Construction Co., LTd.	Stock- Da-Ll Development Co., Ltd.	-	Financial assets at fair value through profit or loss-current	4,862,477	136,636	1.99%	136,636	
〃	Stock-Highwealth Construction Corp.	Parent Company	Financial assets at fair value through other comprehensive income-current	11,950,000	537,750	1.02%	537,750	

Note : Recognized as impairment loss.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance Shares	Beginning Balance Amount	Purchases Shares	Purchases Amount	Sales Shares	Sales Price	Sales Cost	Sales Gain (loss) on disposal	Ending Balance Shares	Ending Balance Amount
The Company	Stock- Jin Jyun Construction Co., Ltd.	Investments accounted for using equity method, net	Run Long Construction Co., LTd.	Related Party	50,000,000	$ 508,942	-	-	50,000,000	518,300	498,619	19,681	-	-
Run Long Construction Co., Ltd.	Stock- Jin Jyun Construction Co., Ltd.	Investments accounted for using equity method, net	Highwealth Construction Corp.	Related Party	-	-	50,000,000	518,300	-	-	-	-	50,000,000	544,130

Note: Do not result in a loss of control are accounted for as equity transactions.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition
The Company	Dan-Hai Fifth	May 11, 2018	$2,488,443	2,488,443	Guo Ruei Construction	not related parties	-	-	-	-	Appraisal	Constrction
〃	Qing-Xi Section	May 29, 2018	898,655	898,655	Mr. Yeh and other 5 people	〃	-	-	-	-	〃	〃
〃	Fu-du Xing three	July 18, 2018	992,496	992,496	Mr. Hsu and other 8 people, Mr. Chao and Farglory Land Development Co, Ltd.	〃	-	-	-	-	〃	〃
〃	Wu-ru High speed rail	August 6, 2018	4,001,736	4,001,736	Railway Bureau	〃	-	-	-	-	Open tender	〃
〃	Shan-jie section	September 19, 2018	1,843,400	1,843,400	Mr. lee and other 3 people	〃	-	-	-	-	Appraisal	〃
〃	Bo-Ai Second Road- Storefront	July 3, 2018	336,890	336,890	Jin Cheng Construction Co. and Mr. Tsai	〃				-	〃	Operating
〃	An Kong Section	October 8, 2018	1,839,000	551,700	Sanyang Motor Co., Ltd.	〃	-	-	-	-	〃	Construction
〃	Huei Shun Second	November 1, 2018	1,698,841	1,698,841	Mr. Huang and other 9 people	〃			-	-	〃	〃
〃	Fung Gong Section	November 13, 2018	2,668,250	266,825	Farglory Land Development Co., Ltd.	〃	-	-	-	-	〃	〃
Run Long Construction Co., Ltd	Kaosiung city Sanmin district Shin-do section	August 29, 2018	1,383,589	1,383,589	Ministry of National Defense in the Republic of China	〃	-	-	-	-	Open tender	〃
〃	Tainan Yu Guang	August 6, 2018	400,491	400,491	Highwealth Construction Corp.	related parties	Taiwan Tainan District Court	not related parties	September 21, 2016	348,647	Appraisal	〃
〃	Taipei city Wenshan district Wanfang section	December 20, 2018	2,464,000	238,410	Empire Construction Co., Huaho Asset Management Co., Mr. Ho and otehr 6 people	not related parties	-	-	-	-	〃	〃

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

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
The Company	Jin-Tai Jui-Store	April 30, 2018	Not applicable	$ 157,941	446,454	446,454	288,513	SILVER LAKK International Asset Management, Ltd.	Non-related party	Earning profit	Appraisal	None
〃	Jin-Tai Jui-Inventory	April 30, 2018	Not applicable	Inventory sold thus not applicable	266,326	266,326	Sale of inventory, not applicable	SILVER LAKK International Asset Management, Ltd.	〃	〃	〃	〃
〃	in-Tai Jui-Inventory	June 8, 2018	Not applicable	Inventory sold thus not applicable	929,100	929,100	Sale of inventory, not applicable	iSee Taiwan Foundation	〃	〃	〃	〃
〃	Tainan Yu Guang	August 6, 2018	September 22, 2018	385,291	400,491	400,491	15,200	Run Long Construction Co., Ltd.	Related party	Business purpose	〃	〃

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details: Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Chyi Yuh Construciton Co., Ltd	Investee accounted for using equity method	Contracting project	$ 4,019,402	17.95%	Pay by contract terms	-	-	(462,525)	(35.34)%	Note 2

(Continued)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Jin Jyun Construction Co., Ltd	Investee accounted for using equity method	Contracting project	1,229,559	5.49%	Pay by contract terms	-	-	(173,018)	(13.22)%	Note 2
The Company	Run Long Construction Co., Ltd	Investee accounted for using equity method	Sales of goods	(990,596)	-%	Receive by contract terms	-	-	-	-%	
Chyi Yuh Construciton Co., Ltd	The Company	The ultimate parent of the company	Contracted project	(4,795,328)	(75.50)%	Receive by contract terms	-	-	462,525	67.70%	Note 1
Chyi Yuh Construciton Co., Ltd	Run Long Construction Co., Ltd	Investee accounted for using equity method	Contracted project	(837,646)	(13.19)%	Receive by contract terms	-	-	136,839	20.03%	Note 1
Chyi Yuh Construciton Co., Ltd	Bo Yuan Construction C0., Ltd	Investee accounted for using equity method	Contracted project	(666,229)	(10.49)%	Receive by contract terms	-	-	64,633	9.46%	Note 1
Bo Yuan Construction C0., Ltd	Chyi Yuh Construciton Co., Ltd	Parent Company	Contracting project	622,183	80.70%	Pay by contract terms	-	-	(64,633)	(49.89)%	Note 2
Run Long Construction Co., Ltd	Chyi Yuh Construciton Co., Ltd	Parent Company	Contracting project	569,849	10.72%	Pay by contract terms	-	-	(136,839)	(22.84)%	Note 2
Run Long Construction Co., Ltd	Jin Jyun Construction Co., Ltd	Investee accounted for using equity method	Contracting project	562,428	10.57%	Pay by contract terms	-	-	(32,441)	(5.41)%	Note 2
Run Long Construction Co., Ltd	The Company	The ultimate parent of the company	Land held for development and administration fee	879,575	16.54%	Pay by contract terms	-	-	-	-%	
Jin Jyun Construction Co., Ltd	The Company	The ultimate parent of the company	Contracted project	(1,220,554)	(67.64)%	Receive by contract terms	-	-	173,018	64.26%	
Jin Jyun Construction Co., Ltd	Run Long Construction Co., Ltd	Investee accounted for using equity method	Contracted project	(535,600)	(29.68)%	Receive by contract terms	-	-	32,441	12.05%	Note 1

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

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

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Chyi Yuh Construciton Co., Ltd	The company	The ultimate parent of the company	462,525	7.46	-	-	-	-
〃	RUN LONG Construction Co., Ltd	Investee accounted for using equity method	136,839	2.61	-	-	-	-
Jin Jyun Construction Co., Ltd	The company	The ultimate parent of the company	173,018	13.11	-	-	-	-

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2018 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2018			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2018	December 31, 2017	Shares (thousands)	Percentage of wnership	Carrying value			
The Company	Ace Riches International Corp.	Taiwan	Residential and building development, rental and sales	$ 12,000	12,000	1,200,000	100.00%	36,525	14,545	(22)	
〃	Highwealth Real Estate Co., Ltd.	Taiwan	Real estate brokerage, real estate trading	25,000	25,000	2,500,000	100.00%	56,642	20,942	(7,215)	
〃	Chyi Yuh Construciton Co., Ltd	Taiwan	Construction, housing and building development rental services etc.	30,041	30,041	55,000,000	100.00%	248,654	440,641	554,340	
〃	Run Long Construction Co., Ltd	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	456,443	191,663	11,098,000	3.60%	(599,564)	2,186,147	30,497	Note
〃	Jin Jyun Construction Co., Ltd	Taiwan	Construction, housing and building development rental services etc.	-	500,000	-	%	-	12,964	(10,323)	
〃	Yeh Kee Enterprise Co., Ltd.	Taiwan	Residential and building development, rental services, etc.	2,423,152	2,423,152	2,200,000	100.00%	2,420,257	(3,214)	(3,214)	
〃	Bijiang Enterprise Co., Ltd	Taiwan	Residential and building development, rental services, etc.	1,302,900	1,302,900	7,200	100.00%	1,300,497	(2,385)	(2,385)	
〃	Highwealth Construction Co.	Taiwan	Residential and building development, rental services, etc.	5,000	-	500,000	100.00%	4,826	(174)	(174)	
Chyi Yuh Construciton Co., Ltd	Bo Yuan Construction Co., Ltd	Taiwan	Residential and building development, rental services, etc.	737,000	737,000	73,700,000	100.00%	925,525	(2,423)	Exempt from diclosure	
	Guang Yang Investment Co., Ltd	Taiwan	Investment industry	284,050	284,050	29,900,000	100.00%	578,622	139,266		
	Well Rich International Co., Ltd	Taiwan	Construction material wholesale industry	78,484	78,484	8,100,000	100.00%	143,414	24,505		
	Run Long Construction Co., Ltd	Taiwan	Environmental technology, property development and rental industry	375,443	288,766	9,036,000	2.93%	213,795	2,186,147		Note
	Goyu Building Materials Co., Ltd.	Taiwan	Construction material wholesale industry	98,000	-	9,800,000	35.00%	96,190	(5,171)		Note 1
Guang Yang Investment Co., Ltd	Run Long Construction Co., Ltd	Taiwan	Environmental technology, property development and rental industry	398,063	398,063	16,810,013	5.45%	398,410	2,186,147		Note
Run Long Construction Co., Ltd	Jin Jyun Construction Co., Ltd	Taiwan	Construction, housing and building development rental services etc.	518,300	-	50,000,000	100.00%	544,130	32,432		

Note : Voting interest percentage differed due to secured bonds converted to ordinary shares.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2018	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
Chuan Xiang Commercial Co.	Construction material, furniture, metal parts	26,555 USD 900,000	(1)	26,555 USD 900,000	-	-	26,555 USD 900,000	(380)	100.00%	(380)	2,634	-
Shin Fu Yu Commercial Co.	Construction material wholesale	27,104 USD 900,000	(1)	27,104 USD 900,000-	-	-	27,104 USD 900,000	(56)	100.00%	(56)	1,797	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
53,659 (USD1,800,000)	53,659 (USD1,800,000)	20,508,088

Note 1: 3 types of investment method are as follows:

1. Directly investing in the mainland area
2. Investing in the mainland through companies in another country (Please note the name of the investing company from the other country)
3. Other methods

Note 2: Profit and loss recognized from investment for the current period:

1. If it is in preparation, and has no investment profit or loss, it should be noted
2. The basis for profit or loss from investment are as follows:
   A. The international accounting firm which has cooperative relationships with the CPA in the Republic of China verifies its financial statements
   B. Financial statement of the parent company is verified by the Taiwanese accountant
   C. Others

(iii) Significant transactions: None

(14) Segment information:

Please refer to the consolidated financial statements.

6. If the Company and Its Affiliates Encounter Any Financial Difficulties in the Past Year and as of the Date of Publication of the Annual Report, the Impact on the Company's Financial Status Shall Be Listed: Nil

VII. Review and Analysis of Financial Status and Business Results and Risk Issue

1. Financial Status

Main reasons for significant changes in assets, liabilities and equity in the last two years and their impacts, and the explanation for significant impacts' future plans:

Comparative Analysis Table of Financial Status

Unit: NT$ thousand

Item \ Year	2017	2018	Differences	
			Amount	%
Current assets	116,661,850	114,994,540	(1,667,310)	(1.43)
Property, plant and equipment	2,366,802	3,288,941	922,139	38.96
Intangible assets	26,558	25,054	(1,504)	(5.66)
Other assets	5,050,660	12,592,556	7,541,896	149.32
Total assets	124,105,870	130,901,091	6,795,221	5.48
Current liabilities	63,862,328	61,659,364	(2,202,964)	(3.45)
Non-current liabilities	25,932,472	29,139,579	3,207,107	12.37
Total liabilities	89,794,800	90,798,943	1,004,143	1.12
Capital	11,666,266	11,666,266	0	0.00
Capital reserve	2,572,169	304,459	(2,267,710)	(88.16)
Retained earnings	16,518,372	21,765,756	5,247,384	31.77
Other interests (including treasury stock)	(64,035)	443,666	507,701	(792.85)
Non-controlling interests	3,618,298	5,922,001	2,303,703	63.67
Total equity	34,311,070	40,102,148	5,791,078	16.88

Reasons for increase/decrease proportion of significant changes:(analysis for the increase or decrease change proportion reached 20% and with the amount exceeding the lower of NT$100 million.)

1.Property, plant and equipment increase: mainly due to increases in self-build shopping mall costs and owner-occupied property transferred from inventories in current period.

2. Other assets: non-current financial assets increase mainly due to an increase in collateralized asset of secured ordinary corporate bond in current period.

3. Capital reserve decrease: mainly because of the cash dividend declared on capital reserve in current period.

4. Retained earnings increase: mainly due to an increase in net income.

5. Other: retrospective application of new accounting standards to financial assets measured at fair value through other comprehensive profit or loss haven't realized interest.

6.Non-controlling interests increase: mainly due to an increase in net income of non-controlling interests.

2. Financial Performance

Main reasons for significant changes in operating income, net operating profit and pre-tax net profit in the last two years, sales forecast and the basis, and possible impact on the Company's future financial status and the contingency plan:

1. Comparative analysis table of financial performance

Unit: NT$ thousand

Item \ Year	2017	2018	Changes of increase or decrease	
			Amount	Rate of change %
Operating revenue	18,670,048	44,204,971	25,534,923	136.77
Decrease: sales returns and allowances	–	–	–	–
Net operating income	18,670,048	44,204,971	25,534,923	136.77
Operating costs	13,696,981	31,032,093	17,335,112	126.56
Operating margin	4,973,067	13,172,878	8,199,811	164.88
Operating expenses	2,341,893	3,669,516	1,327,623	56.69
Operating profit	2,631,174	9,503,362	6,872,188	261.18
Non-operating income and expenses	101,839	(52,490)	(154,329)	(151.54)
Net income before tax	2,733,013	9,450,872	6,717,859	245.80
Total income tax expense	290,388	712,541	422,153	145.38
Net profit after tax	2,442,625	8,738,331	6,295,706	257.74
Cumulative effect of changes in accounting principle	–	-	–	–
Net income	2,442,625	8,738,331	6,295,706	257.74

Reasons for increase/decrease proportion of significant changes:(analysis for the increase or decrease change proportion reached 20% and with the amount exceeding the lower of NT$100 million.)

(1)Operating revenue: mainly due to an increase in sales volume of new homes and housing inventories.

(2)Operating costs: due to an increase in operating revenue.

(3) Operating margin: due to an increase in operating revenue.

(4) Operating expenses: the current period increases NT$1,327,623 thousand, amount them, sales and marketing expenses increase NT$1,195,463 thousand.

Operating expenses increase is the main reason for increases in commission and advertising expense in current period.

(5) Operating profit: mainly due to an increase in operating margin.

(6) Net income before tax: mainly due to an increase in operating net profit in current period.

(7)Total income tax expense：mainly due to an increase in land value increment tax of individual cases.

(8) Net profit after tax and net income: mainly due to increases in net sales and operating net profit in current period.

2. Sales forecast and the basis, and possible impact on the Company's future financial status and the contingency plan

The Company will focus on internal properties development-aspects according to internal business cycle and absorption.

3. Cash Flow

1.Latest cash flow analysis

Year / Item	2017	2018	% of change
Cash flow ratio	(4.95)	15.19	407%
Cash flow adequacy ratio	39.84	71.79	80%
Cash reinvestment ratio	(15.81)	9.26	159%
Reasons for increase/decrease proportion analysis: 1. Cash flow ratio increase: mainly due to an increase in net cash flow from operating activities in 2018. 2. Cash flow adequacy ratio increase: mainly due to an increase in cash flow from operating activities in current period. 3. Cash reinvestment ratio increase: mainly due to an increase in net cash flow from operating activities in current period.			

2.Remedy for a lack of liquidity: timely apply for financing activities or bank loans.

3.Analysis of cash flow in the coming year

Unit: NT$ thousand

Beginning cash balance	Net cash flow from operating activities throughout the year	Cash provided by (used in) throughout the year	Cash surplus (deficit)	Leverage of cash deficit	
(A)	(B)	(C)	(A)+(B)-(C)	Investment plan	Financing plan
15,052,306	9,359,548	10579922	2,277,261	–	–

Analysis:

(1)Operating activities: the forecasted net cash inflow from operating activities due to cases expected to be completed and closing in the next year.

(2)Investing activities: cash provided by from investing activities mainly due to the purchase of odd office equipment and the purchase of fixed assets and equipment for Kaohsiung shopping mall.

(3)Financing activities: the net cash outflow from financing activities mainly due to bank loans repayment.

4 Impact of Major Capital Expenditure in the Past Year on the Financial Status: Nil.

5. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year

The amount the Company's invested in re-invested businesses didn't reach 5% of paid-in capital ratio. The Company's main re-invested businesses include Chu Feng Hotel Management Consultant Co., Ltd., ChyiYuh Construction Co., Ltd., Chin Chun Construction Co., Ltd., Highwealth Construction Corporation, I Chi Co., Ltd., Pi Chiang Enterprise Co., Ltd., Highwealth Real Estate (former name: Hung Liang Entertainment Ltd.), and to strive for Mass Rapid Transit Joint Development of XiSong section in Songshan District, Taipei City, its subsidiary, ChyiYuh Construction Co., Ltd., re-invested Boyuan Construction Corporation. Due to business need and strategy of diversification, subsidiary, ChyiYuh Construction Co., Ltd., re-invested Kuang Yang Investment Co., Ltd. to obtain management power from Run Long Construction Co., Ltd., and became an affiliate of Highwealth Construction. The investment policy was to meet the need of business expansion, improvement in construction quality and trading securities. Statement of recognized profit or loss of re-investment in the latest year had no impact on the Company. In the future, the Company will keep giving careful consideration to investing related businesses with steady profit.

Re-invested businesses Information is Listed Below:

Unit: NT$ thousand

<table>
<tr><th rowspan="2">Investor</th><th rowspan="2">Investee</th><th colspan="2">2018</th><th rowspan="2">Improvement plans</th></tr>
<tr><th>Net income</th><th>Investment profit(loss)</th></tr>
<tr><td rowspan="8">The Company</td><td>Chu Feng Hotel</td><td>14,545</td><td>(22)</td><td>-</td></tr>
<tr><td>Highwealth Real Estate (former name: Hung Liang Entertainment Ltd.)</td><td>20,942</td><td>(7,215)</td><td>The Company will actively develop sales business and improving profitability.</td></tr>
<tr><td>ChyiYuh Construction</td><td>440,641</td><td>554,340</td><td>-</td></tr>
<tr><td>Run Long Construction</td><td>2,186,147</td><td>30,497</td><td>-</td></tr>
<tr><td>Chin Chun Construction</td><td>12,964</td><td>(10,323)</td><td>The Company will actively develop sales business and improving profitability.</td></tr>
<tr><td>I Chi</td><td>(3,214)</td><td>(3,214)</td><td>The Company will actively develop sales business and improving profitability.</td></tr>
<tr><td>Pi Chiang Enterprise</td><td>(2,385)</td><td>(2,385)</td><td>The Company will actively develop sales business and improving profitability.</td></tr>
<tr><td>Highwealth Construction</td><td>(174)</td><td>(174)</td><td>-</td></tr>
<tr><td rowspan="5">ChyiYuh Construction</td><td>Boyuan Construction</td><td>(2,423)</td><td>Permit records confidential</td><td>NA</td></tr>
<tr><td>Kuang Yang Investment</td><td>139,266</td><td>As above</td><td>NA</td></tr>
<tr><td>Yuan Sheng International</td><td>24,505</td><td>As above</td><td>NA</td></tr>
<tr><td>Run Long Construction</td><td>2,186,147</td><td>As above</td><td>NA</td></tr>
<tr><td>Kuo Yu Construction</td><td>(5,171)</td><td>As above</td><td>NA</td></tr>
<tr><td>Kuang Yang Investment</td><td>Run Long Construction</td><td>2,186,147</td><td>As above</td><td>NA</td></tr>
<tr><td>Run Long Construction</td><td>Chin Chun Construction</td><td>32,432</td><td>As above</td><td>NA</td></tr>
</table>

6. Analysis and Assessment of Risk Issues in the Past Year and as of the Date of Publication of the Annual Report

1.The impact of interest and exchange rate changes and inflation on the Company's profit and loss and future countermeasures

(1)The impact of interest rate changes on the Company's profit and loss

Unit: NT$ thousand

Item		2017	2018
Interest income from bank deposits		21,698	28,774
Interest expenses		707,739	872,646
Operating revenue		18,670,048	44,204,971
Operating net profit		2,631,174	9,503,362
Net income		2,442,625	8,738,331
To operating revenue ratio	Interest income from bank deposits/operating revenue	0.12%	0.07%
	Interest expenses/operating Revenue	3.79%	1.97%
To operating net profit ratio	Interest income from bank deposits/operating net profit	0.82%	0.30%
	Interest expenses/operating net profit	26.90%	9.18%
To net income ratio	Interest income from bank deposits/net income	0.89%	0.33%
	Interest expenses/net income	28.97%	9.99%

The Company and its subsidiaries' short-term and long-term loans are floating-rate, so market rate changes will influence effective interest rate of short-term and long-term loans, which will cause cash flow swing. To cap rising housing market, the government will consistently tighten monetary policy on construction. The Central Bank of the Republic of China (Taiwan) slightly increases rediscount rate, rate on accommodations with collateral, and rate on accommodations without collateral, so actual interest rate on loan will increase; on the other hand, the Bank has to be aware of increasing costs for producers caused by inflation. See the table above, interest rate changes will influence the Company and its subsidiaries'operating costs.

Future countermeasures:the Company will coordinate with reference banks and use call loan rate for response of market interest rates.

(2) The impact of exchange rate changes on the Company's profit and loss

The Company and its subsidiaries' main operating revenues and expenditures, long-term and short-term liabilities, and capital expenditures are denominated in New Taiwan dollars. So far, the Company's businesses only operated domestic buildings and sales, and the business partners are mostly domestic suppliers. Therefore, exchange rate changes had no impact on the Company's profit and loss.

Future countermeasures: Nil.

(3) The impact of inflation on the Company's profit and loss

The Company and its subsidiaries pay attention to the market swing at all time and maintain cooperative relationships with supplier and accounts. There is no inflation over the last few years, which won't cause risks in the short term; therefore, no impact of inflation on the Company and its subsidiaries' profit and loss.

Countermeasures:

A.Negotiate with suppliers: The Company and its subsidiaries pay attention to the market swing at all time and maintain cooperative relationships with supplier and accounts. Reducing the purchasing costs had minimized the influence of inflation; therefore, there is no impact of inflation on the Company over the past few years.

B.Adjust the price of products: Properly rising price with accounts' agreement, due to the increasing cost.

C. Strive for favorable interest rate consistently: The Company and its subsidiaries will consistently strive for favorable interest rate to lower the cost in the future. As the countermeasure of variable interest rate, the Company and its subsidiaries' financial personnel will keep in touch with banks and properly use every financial tool to reduce impact on variable interest rate. Therefore, no inflation risks occurred in the short term, and no impact of inflation on the Company and its subsidiaries' profit and loss.

2. Policies of engagement in high-risk and highly leveraged investments, loans to others, endorsements and guarantees and derivative trading, main reasons for profit or loss and future countermeasures:

(1)High risk and highly leveraged investments: Nil.

(2) Loans to others: Nil.

(3)Endorsements and guarantees

Unit: NT$ thousand

Year	Guaranteed party: Investor	Guaranteed party: Relationship	Limits on endorsement/guarantee amount provided to each guaranteed party	Maximum balance for the period	Ending balance
2016	ChyiYuh Construction	Subsidiary	34,578,269	8,060,230	7,250,000
	Boyuan Construction	Sub-subsidiary	34,578,269	7,556,000	3,975,890
	Yuan Sheng International	Sub-subsidiary	34,578,269	180,000	180,000
2017	ChyiYuh Construction	Subsidiary	30,692,772	8,758,000	8,158,000
	Boyuan Construction	Sub-subsidiary	30,692,772	3,957,890	2,734,890
	Yuan Sheng International	Sub-subsidiary	30,692,772	180,000	100,000
2018	ChyiYuh Construction	Subsidiary	34,180,147	8,158,000	7,626,000
	Boyuan Construction	Sub-subsidiary	34,180,147	2,734,890	1,695,390
	Yuan Sheng International	Sub-subsidiary	34,180,147	180,000	180,000

The Company supports working capital need for re-invested companies, ChyiYuh Construction and Boyuan Construction, and does an endorsement/guarantee for them according to the Company's "Endorsement Procedures" which was approved by board of directors and shareholders meeting, and the guarantee was approved by board of directors.

(4) Derivative trading

The Company and its subsidiaries had set "Procedures for Acquisition or Disposal of Assets", which was approved by the board of directors and the shareholders' meetings, and every derivative trading should be done pursuant to this procedures. By referring to the meeting minutes of the Company, the board of directors and the shareholders' meetings, and the financial report audited and certified by accountants, the Company and its subsidiaries hadn't engaged in derivative trading except for the derivative right of redemption and put option due to convertible bond in the latest year and the application period of the year.

3.Future R&D projects and estimated R&D expenses

Both of the Company and its subsidiaries invest in housing construction business and related businesses; therefore, the Company and its subsidiaries didn't set up R&D department and no R&D expenses assigned.

4.The impact of important domestic and overseas policy and regulation changes on the financial status of the Company and countermeasures

Recently, domestic banks consistently implement "Selective Credit Controls Implement in Certain Geographical Areas", to reduce business tax from financing policy and luxury tax, for tightening monetary aid from construction companies and investors by rising announced regional land current value. It increases in the burden on land transaction. Strictly tax inspection of tax authorities throughout the country has undermined investor confidence and influenced the real estate market. How this problem affects real estate trading market in the future depends on government policies on real estate sector. The Company will follow related information at all time. For important domestic and overseas economic policy and regulation changes, in spite of construction law and government policy which covering wide range, for example, land, taxation, finance, traffic, etc., should obey changes of related policy and law, consult opinions with professional legal and audit, and investigate the plan of countermeasure for the Company operating needs. The Company and its subsidiaries will make an effort to pay close attention and research for ensuring owner's equity. Therefore, there is no impact on the financial status of the Company.

5.The impact of technological and industrial changes on the financial status of the Company and countermeasures

The Company had formulated data processing guideline (including communication security) to implement internal control systems and maintain information security policy. By checking carefully and estimate data processing system from time to time to ensure the appropriateness and effectiveness.

6.The impact of corporate image change on the Company's crisis management and countermeasures

The Company and its subsidiaries maintain stable and practical attitude, and a good company image. With these advantages, more talented persons have been appealed to work for the Company, strengthened the operation team, presented the business performance to shareholders, and done the best for social responsibility. Therefore, there is no corporate image change on the Company and no impact of the Company's crisis management.

7.Expected benefits and possible risks of M&A and countermeasures

Approved by board of directors and audit committee on September 7, 2018, to maximize the resource utilization of the Company, dispose 100% shares from Chin Chun Construction Co., Ltd. to affiliated company, Run Long Construction Co., Ltd., with NT$518,300.

8.Expected benefits and possible risks of plant expansion, and countermeasures

The Company and its subsidiaries hadn’t had plant expansionas of the date of publication of the annual report.

9.The impact of concentration of purchase or sales and countermeasures

1. The Company purchases mainly by obtaining lands and bidding price for every well-known Level A construction company. These transactions belong to construction industry, so there’re won’t be any impact of concentration of purchase.
2. Real estate sales business is for general customers, so there’s no concentration of sales. The Company and its subsidiaries’ source of purchase and target audience of sales all have different industry characteristics and scheduled operations. The Company and its subsidiaries also have diversified analysis of sales target audience and its future industry growth trend, so the source of purchase and target audience of sales can be scattered, to reach the goal of keeping a balanced and stable operation. Therefore, there’s no risk of concentration of sales.

10.The impact of mass share transfer or change of Directors, Supervisors or shareholders holding more than 10% of the Company's shares, the risks and countermeasures:

The Company hadn’t had any mass share transfer or change of Directors, Supervisors or shareholders holding more than 10% of the Company's shares as of the publication of the annual report; therefore, there’s no impact of mass share transfer or change on Company’s operation.

11.The impact of the change of management on the Company, the risks and countermeasures

The Company didn’t have any impact of the change of management in the past few years and as of the date of publication of the annual report.

12.If there is any litigation or non-litigation, please list the significant litigation, non-litigation or administrative litigation with its judgment already made or pending which is related to the Company or the Company’s Directors, Supervisors, General Manager, actual person in charge, shareholders holding more than 10% of the Company's shares or affiliates. If the result may have a significant impact on the shareholders' equity or the price of the Company’s shares, please disclose the fact of the dispute, the claim amount, the date of commencement of the litigation, the principal litigants and the handling of the situation as of the date of publication of the annual report:

(1) Litigation, non-litigation or administrative litigation with its judgment already made or pending in the past two years and as of the publication of the annual report, which the result may have a significant impact on the shareholders' equity or the price of the Company’s shares: Nil.

(2)Significant litigation, non-litigation or administrative litigation with its judgment already made or pending which is related to the Company’s Directors, Supervisors, General Manager, actual person in charge, shareholders holding more than 10% of the Company's shares or affiliates for the past two years and as of the publication of the annual report, which result may have a significant impact on the shareholders' equity or the price of the Company’s shares:

Though the affiliate, Run Long Construction, has litigation as followed paragraph, it neither has a significant impact on revenue nor capital of the affiliate, nor caused no impact on finance and sales business ofHighwealth Construction, and shareholders’ equity of the Company.

Run Long Construction Co., Ltd.

In 2001, Run Long Construction contracted for “2011 Annual Contract of Municipal Solid Waste Incineration (MSWI) Bottom Ash Process and Utilization” from Neihu Refuse Incineration Plant, Department of Environmental Protection of Taipei City Government. During the contract period, both parties had an argument on the location of “National Highway No. 1, the additional Touwu interchange”, thus the contract couldn’t be terminated. Later in July, 2015, both parties reached an agreement through the Taipei City Government Mediation for Government Procurement: Run Long Construction would follow the requirement of Neihu Refuse Incineration Plant to make an in-situ improvement, and the Taipei City Government would finish acceptance check. However, in the process of acceptance check, Neihu Refuse Incineration Plant insisted delayed performance and deducted NT$5,886,903 for late fee. In March, 4, 2016, Run Long Construction appealed to Complaint Review Board for Government Procurement but no agreement could be done. The Company had appealed against the late fee of NT$5,886,903 to the Taipei City Government.

(3) Matters related with The Company’s Directors, Supervisors, Manager, shareholders holding more than 10% of the Company's shares in the past two year and as of the date of publication of the annual report which have a substantial impact onthe Art. 157 of the Securities Exchange Law and the handling of situation: Nil.

13.Other important risks and countermeasures: Nil.

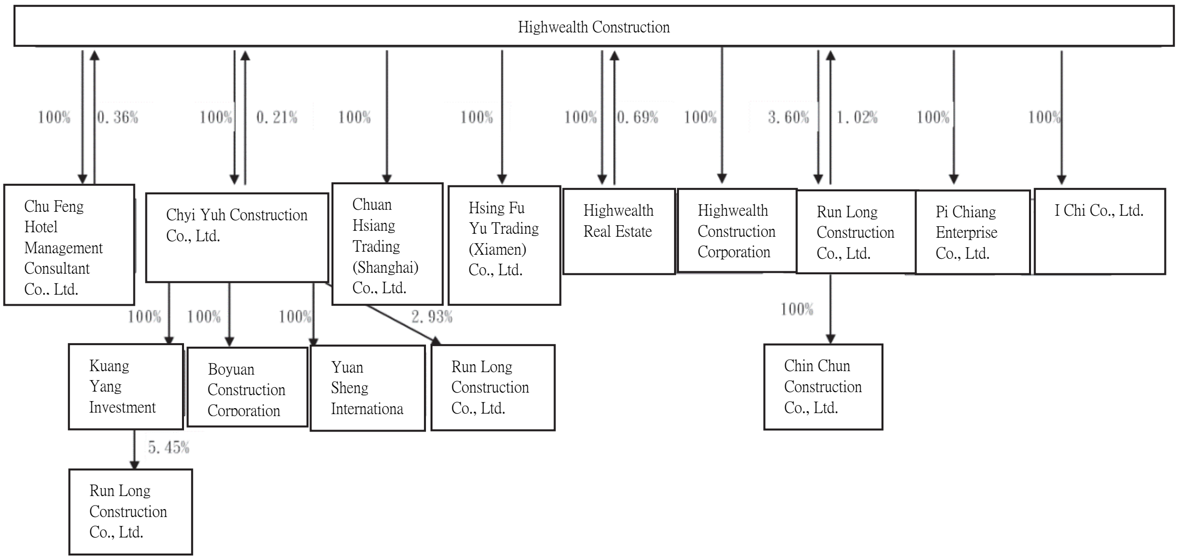
7. Other important matters: Nil

VIII. Special Notes

1. Information about the Company's Affiliates

1.Consolidated business reports of affiliated enterprises

(1)Organization chart



Note 1: Run Long Construction had swapped secured convertible corporate bond for new stock in every period, so it had shareholding ratio changes.

Note 2: Hung Liang Entertainment Ltd. had been renamed to Highwealth Real Estate in July, 2018.

Note 3: For the consolidated companies' need to expand business and improve business efficiency, the organization had adjustment. Thus, the Company's equity of Chin Chun Construction had 100% sold to Run Long Construction.

(2)Basic data of affiliates

Unit: NT$ thousand

Affiliate	Date of establishment	Address	Paid-in capital	Major business
Controlling company Highwealth Construction	January 23, 1980	10F., No. 267, Lequn 2nd Rd, Taipei City	11,666,266	Contracted to construction to build commercial building and public housing for lease and sale
Affiliates Chu Feng Hotel Management Consultant Co., Ltd.	September 12, 1997	10F., No. 267, Lequn 2nd Rd, Taipei City	12,000	Housing and building development, lease, sale business
Highwealth Real Estate	October 08, 1999	10F., No. 267, Lequn 2nd Rd, Taipei City	25,000	Housing and building development, lease, sale business
ChyiYuh Construction Co., Ltd.	October 19, 1989	9F., No. 267, Lequn 2nd Rd, Taipei City	550,000	Construction, housing and building development, lease, sale business
I Chi Co., Ltd.	April 25, 1948	19F., No. 1507-1, Yucheng Rd., Gushan Dist., Kaohsiung City	22,000	Housing and building development, lease, sale business
Pi Chiang Enterprise Co., Ltd.	March 22, 1968	19F., No. 1507-1, Yucheng Rd., Gushan Dist., Kaohsiung City	7,200	Housing and building development, lease, sale business
Chuan Hsiang Trading (Shanghai) Co., Ltd.	February 17, 2012	China	26,555	Wholesale of building materials, furniture, ironware, machinery
Hsing Fu Yu Trading (Xiamen) Co., Ltd.	September 29, 2013	China	27,104	Wholesale of building materials
Highwealth Construction Corporation	November 26, 2018	2F., No. 250, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	5,000	Housing and building development, lease, sale business
Boyuan Construction Corporation	December 07, 2004	8F-1, No. 267, Lequn 2nd Rd, Taipei City	737,000	Housing and building development, lease, sale business
Kuang Yang Investment Co., Ltd.	June 21, 1997	8F-1, No. 267, Lequn 2nd Rd, Taipei City	299,000	Investment
Yuan Sheng International Co., Ltd.	April 17, 2012	9F, No. 267, Lequn 2nd Rd, Taipei City	81,000	Wholesale of building materials
Run Long Construction Co., Ltd.	January 10, 1977	No. 220, Dechang St., Yingge Dist., New Taipei City	3,083,305	Environmental technology, real estate development and leased property
Chin Chun Construction Co., Ltd.	November 01, 2012	19F., No. 1507-1, Yucheng Rd., Gushan Dist., Kaohsiung City	500,000	Construction, housing and building development, lease, sale business

(3)Information about common shareholders of entities presumed to have a controlling and subordinate relationship: Nil.

(4)All affiliated companies' operating business cover industries such as:

A.Construction and investment.

B. The building engineering works of Highwealth Construction are contracted to ChyiYuh Construction Co., Ltd.

(5)Information about the directors, supervisors and general managers of the affiliates:

Affiliate	Title	Name or representative	Shareholding	
			Share	%
Controlling company				
Highwealth Construction	Chairman	Li Shuo Investment Co., Ltd.	29,244,429	2.51%
		Representative: Zheng Zhilong	26,611,304	2.28%
	Director	Zheng Qintian		
	Director	Zheng Xiuhui	4,151,512	0.36%
	Director	Li Shuo Investment Co., Ltd. Representative: Miao Chingte,	29,244,429	2.51%
	Independent Director	Hong Xiyao,	0	0.00%
	Independent Director	Li Wencheng	0	0.00%
Affiliates				
Chu Feng Hotel Management Consultant Co., Ltd.	Chairman	Highwealth Construction Representative: Miao Chingte	1,200,000	100%
	Director	Highwealth Construction Representative: Zheng Xiuhui	1,200,000	100%
	Director	Highwealth Construction Representative: Zheng Qintian	1,200,000	100%
	Supervisor	Highwealth Construction	1,200,000	100%
Highwealth Real Estate	Chairman	Highwealth Construction Representative: Miao Chingte	2,500,000	100%
	Director	Highwealth Construction Representative: Hsu Yinglun	2,500,000	100%
	Director	Highwealth Construction Representative: Hsieh Chungchieh	2,500,000	100%
	Supervisor	Highwealth Construction Representative: Lin Chihlung	2,500,000	100%

Affiliate	Title	Name or representative	Shareholding	
			Share	%
ChyiYuh Construction Co., Ltd.	Chairman	Highwealth Construction Representative: Cheng Chunmin	55,000,000	100%
	Director	Highwealth Construction Representative: HsiungMengchi	55,000,000	100%
	Director	Highwealth Construction Representative: Miao Chingte	55,000,000	100%
	Supervisor	Highwealth Construction Representative: Chen Kuoyen	55,000,000	100%
I Chi Co., Ltd.	Chairman	Highwealth Construction Representative: Zheng Zhilong	2,200,000	100%
	Director	Highwealth Construction Representative: Zheng Qintian	2,200,000	100%
	Director	Highwealth Construction Representative: Miao Chingte	2,200,000	100%
	Supervisor	Highwealth Construction Representative: Zheng Xiuhui	2,200,000	100%
Pi Chiang Enterprise Co., Ltd.	Chairman	Highwealth Construction Representative: Zheng Zhilong	7,200	100%
	Director	Highwealth Construction Representative: Zheng Qintian	7,200	100%
	Director	Highwealth Construction Representative: Miao Chingte	7,200	100%
	Supervisor	Highwealth Construction Representative: Zheng Xiuhui	7,200	100%
Chuan Hsiang Trading (Shanghai) Co., Ltd.		Highwealth Construction Representative: Cheng Chunmin	-	100%
Hsing Fu Yu Trading (Xiamen) Co., Ltd.		Highwealth Construction Representative: Cheng Chunmin	-	100%
Highwealth Construction Corporation	Chairman	Highwealth Construction Representative: Miao Chingte	500,000	100%
	Director	Highwealth Construction Representative: Hung Mingyao	500,000	100%
	Director	Highwealth Construction Representative: Zheng Zhilong	500,000	100%
	Supervisor	Highwealth Construction Representative: HsiungMengchi	500,000	100%

Highwealth Construction

Affiliate	Title	Name or representative	Shareholding	
			Share	%
Boyuan Construction Corporation	Chairman	ChyiYuh Construction Co., Ltd.	73,700,000	100%
		Representative: Zheng Zhilong	73,700,000	100%
		ChyiYuh Construction Co., Ltd.	73,700,000	100%
	Director	Representative: Hung Mingyao		
		ChyiYuh Construction Co., Ltd.		
	Director	Representative: Miao Chingte		
Kuang Yang Investment Co., Ltd.	Chairman	ChyiYuh Construction Co., Ltd.	29,900,000	100%
		Representative: Zheng Zhilong	29,900,000	100%
		ChyiYuh Construction Co., Ltd.	29,900,000	100%
	Director	Representative: Chen Kuoyen	29,900,000	100%
		ChyiYuh Construction Co., Ltd.		
	Director	Representative: Hung Mingyao		
		ChyiYuh Construction Co., Ltd.		
	Supervisor	Representative: Chuang Chungshan		
Yuan Sheng International Co., Ltd.	Chairman	ChyiYuh Construction Co., Ltd.	8,100,000	100%
		Representative: Zheng Zhilong	8,100,000	100%
		ChyiYuh Construction Co., Ltd.	8,100,000	100%
	Director	Representative: Hung Mingyao	8,100,000	100%
		ChyiYuh Construction Co., Ltd.		
	Director	Representative: Miao Chingte		
		ChyiYuh Construction Co., Ltd.		
	Supervisor	Representative: Chen Kuoyen		

Affiliate	Title	Name or representative	Shareholding	
			Share	%
Run Long Construction Co., Ltd.	Chairman Director Director Director Independent Director Independent Director Independent Director	Dali Investment Co., Ltd. Representative: Tsai Tsungpin Kuang Yang Investment Co., Ltd. Representative: Chiu Pingtse Kuang Yang Investment Co., Ltd. Representative: Chen Kuoyen Kuang Yang Investment Co., Ltd. Representative: Hung Mingyao Wu Kencheng Yan Yunqi Li Wencheng	12,071,518 16,810,013 16,810,013 16,810,013 0 0 0	4.96% 4.96% 4.96% 4.96% 0% 0% 0%
Chin Chun Construction Co., Ltd.	Chairman Director Director Supervisor	Run Long Construction Co., Ltd. Representative: Chiu Pingtse Run Long Construction Co., Ltd. Representative: Chiu Pingtse Run Long Construction Co., Ltd. Representative: Chiu Pingtse Run Long Construction Co., Ltd. Representative: Chiu Pingtse	50,000,000 50,000,000 50,000,000 50,000,000	100% 100% 100% 100%

(6)Overview of the operations of the affiliates

Unit: NT$ thousand

Affiliate	Capital	Total assets	Non-current liabilities	Net worth	Operating revenue	Net operating income (loss)	Net income (after tax)	Earnings per share (after tax /NT$)
Controlling company								
Highwealth Construction	11,666,266	97,001,799	62,821,652	34,180,147	30,717,971	6,534,438	6,856,144	6.01
Affiliates								
Chu Feng Hotel Management Consultant Co., Ltd.	12,000	235,782	12,125	223,657	91,755	30	14,545	12.12
Highwealth Real Estate	25,000	421,393	2,789	418,604	28,157	20,886	20,942	8.38
ChyiYuh Construction Co., Ltd.	550,000	13,104,322	11,232,333	1,871,989	6,351,372	152,048	440,641	8.01
I Chi Co., Ltd.	22,000	212,892	85,567	127,325	0	(3,247)	22,183	10.08
Pi Chiang Enterprise Co., Ltd.	7,200	43,650	42,530	1,120	0	(2,392)	(2,385)	(331.35)
Chuan Hsiang Trading (Shanghai) Co., Ltd.	26,555	2,718	84	2,634	0	(380)	(380)	(0.14)
Hsing Fu Yu Trading (Xiamen) Co., Ltd.	27,104	1,807	11	1,796	0	(32)	(56)	(0.02)
Highwealth Construction Corporation	5,000	5,000	174	4,826	0	(174)	(174)	(0.35)
Boyuan Construction Corporation	737,000	3,460,646	2,473,651	986,995	1,779,346	64,742	(2,423)	(0.03)
Kuang Yang Investment Co., Ltd.	299,000	602,498	3,068	599,430	141,489	137,848	139,266	4.66
Yuan Sheng International Co., Ltd.	81,000	321,462	160,895	160,567	28,973	(14,110)	24,505	3.03
Run Long Construction Co., Ltd.	3,083,305	21,713,495	14,403,219	7,310,276	12,576,070	2,610,382	2,186,147	8.11
Chin Chun Construction Co., Ltd.	500,000	1,276,120	723,626	552,494	1,804,537	38,192	32,432	0.65

2.Consolidated financial statements with the affiliates: (find details at P.101-P.186 of the annual report)

Declaration

I hereby declare that the entities required to be included in the combined financial statements of the Company as of December 31, 2018 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity under the International Accounting Standards (IAS) No. 27, which standards certified by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company and its subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Highwealth Construction

By Zheng Zhilong
Person in Charge

March 19, 2019

2. Private Securities in the Past Year and as of the Date of Publication of the Annual Report: Nil.

3. Holding or Disposal of the Company's Shares by Affiliates in the Past Year and as of the Date of Publication of the Annual Report:

April 12, 2019; unit: NT$ thousand; share

Subsidiary	Paid-in capital	Capital resources	The Company shareholding ratio	Date of acquisition or disposal	Acquired shareholding and value (Note 1)	disposal of shareholding and value	Profit or loss of investment	Shareholding and value as of the date of publication of the annual report (Note 2)	Creation of pledge	Endorsement/guarantee amount provided by parent company to subsidiaries	Amount borrowed by parent company to subsidiaries
Chu Feng Hotel Management Consultant Co., Ltd.	12,000	Own funds	100%	January 2018 to December 2018	0	0	0	4,162,135shares NT$187,296 thousand	-	0	0
				January 2018 to the date of publication of the annual report	0	0	0	4,162,135 shares NT$204,361 thousand	-	0	0
Highwealth Real Estate	25,000	Own funds	100%	January 2018 to December 2018	0	0	0	8,044,810 shares NT$362,016 thousand	-	0	0
				January 2018 to the date of publication of the annual report	0	0	0	8,044,810 shares NT$395,000 thousand	-	0	0
ChyiYuh Construction Co., Ltd.	550,000	Own funds	100%	January 2018 to December 2018	0	0	0	2,495,092 shares NT$112,279 thousand	-	NT$8,158,000 thousand (Note 3)	0
				January 2018 to the date of publication of the annual report	0	0	0	2,495,092 shares NT$122,509 thousand	-	NT$8,626,000 thousand (Note 4)	0
Run Long Construction Co., Ltd.	2,434,044	Own funds	2.58%	January 2018 to December 2018	0	0	0	11,950,000 shares NT$537,750 thousand	Loan guarantee	0	0
				January 2018 to the date of publication of the annual report	0	0	0	11,950,000 shares NT$586,745 thousand	Loan guarantee	0	0

Note 1: Capitalization of the year retained earnings for stock dividends.
Note 2: End-of-period valuation adjustment is included.
Note 3: End-of-period endorsements/guarantees are presented by quota, with NT$4,193,000 thousand actually drawn. Endorsement/guarantee amount with secured property is NT$0 thousand.
Note 4: End-of-period endorsements/guarantees are presented by quota, with NT$4,293,000 thousand actually drawn. Endorsement/guarantee amount with secured property is NT$0 thousand.

4. Other Necessary Supplementary Notes: Nil.

5. Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner's Equity as Stipulated in Item 2, Paragraph 3 of Article 36 of the Securities Exchange Law: Nil.