



Highwealth



Highwealth Construction Corp.

TEL:886-2-2755-5899

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

Company Profile

- 1980 : Established
- 1999 : Listed in TWSE
- 2003 : Company name changed to “Highwealth Construction”
- 2010 : Paid in capital totaled NT\$7,122,348,430
- **Among top three construction firms in Taiwan by capitalization**
- **Chairman & CEO:** Cheng Chin-Tien
- **President:** Cheng Chih-Lung
- **Headquarters:** 8F., No.76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan
- The number of completed residential housing unit has reached 17740, with total construction floor area of 2,754,056m², and NT\$34,364,981,782 in construction cost.
- **Construction projects all over Taiwan**
- **Rich experience in construction of high-rise buildings:** The number of 18-story and higher buildings completed or under construction exceeds 30; a prominent case is 41-story Xin Fu Hwa, a luxury housing building located in Kaohsiung.
- **Financial highlights:**
 - Total amount of project launches reached NT\$31.8bn in 2006, the highest among local peers.
 - Sales has reached NT\$18.9bn in 2009 and NT\$27.5bn in 2010 set record high
- **The firm is also experienced in urban renewal and joint development projects**

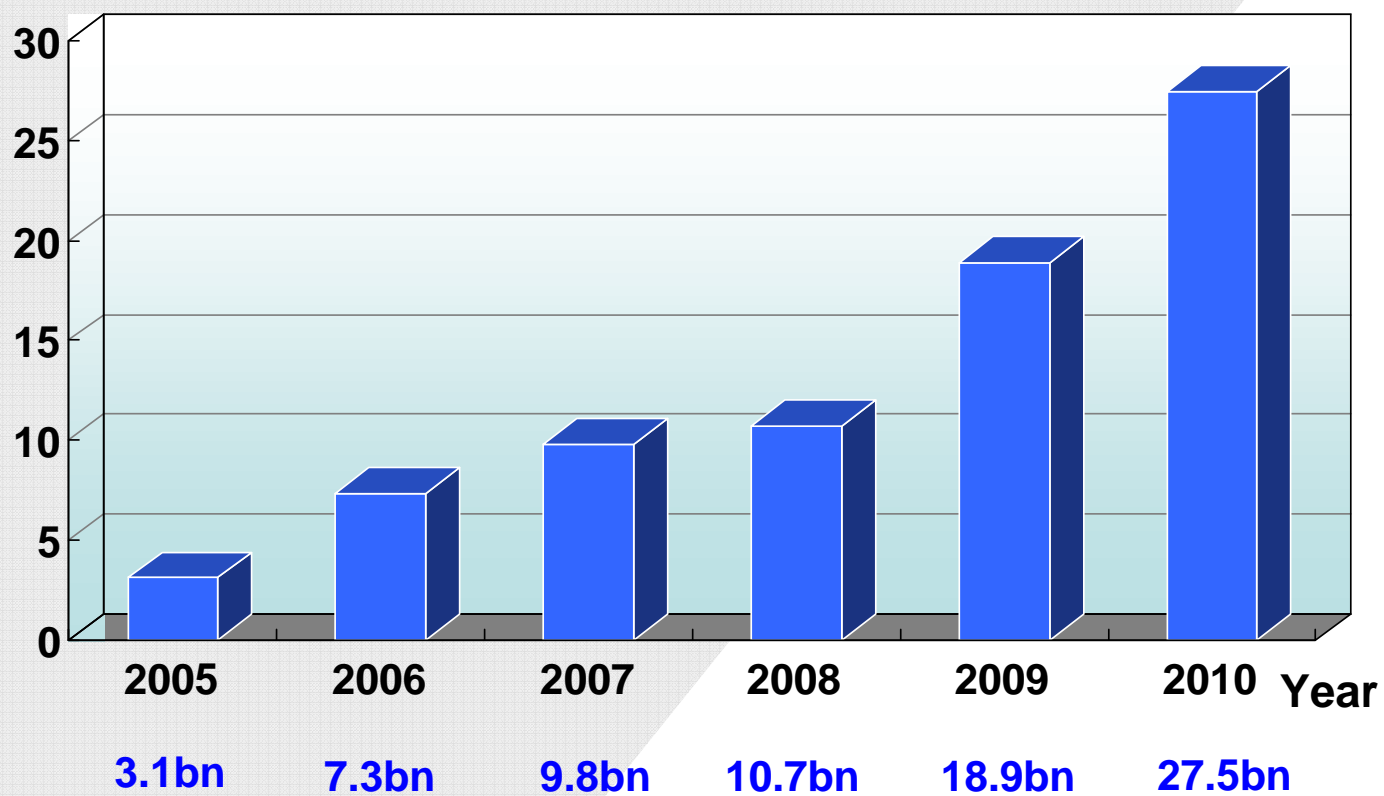
Project pipeline

Land bank for 2011~2014

Area	GFA(Ping)	Land value (NT1000)	Amount(NT1000)	Percentage
Keelung	1,788.38	205,663	1,518,600	1%
Taipei	32,687.43	53,122,711	110,399,374	72%
Taichung	10,757.42	11,435,457	28,750,562	19%
Tainan	1,141.03	251,030	19,340	0%
Kaoshiung	6,419.19	4,025,258	13,711,490	9%
Total	52,793.45 174523.8m ²	69,040,119	154,399,366	100%

Revenue

NT\$ bn



Projects in Greater Taipei

This map illustrates various proposed transit projects across Greater Taipei. A legend in the top left corner identifies several key projects by color-coded lines:

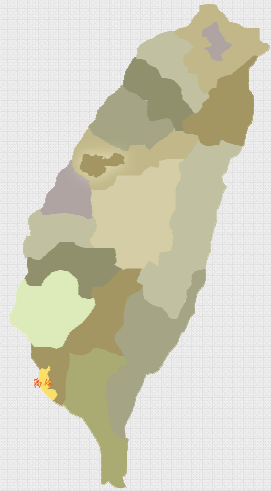
- 淡水信義線 (建議中)**: Red line connecting Keelung Station to Beitou Station.
- 中和、板橋、蘆洲線 (建議中)**: Orange line connecting Zhonghe, Banqiao, and Luozhou.
- 松山新店線 (建議中)**: Green line connecting Songshan and Xindian.
- 板南土地線・三鶯線 (規劃中)**: Blue line connecting Banqiao/Nanshan area to San'ao.
- 內湖木柵線**: Brown line connecting Neihu and Muzha.
- 新北投支線**: Pink line branching from Beitou Station.
- 小碧潭支線**: Light green line branching from Beitou Station.
- 天母線 (規劃中)**: Dark blue line connecting Tamsui area.
- 桃園機場捷運線 (建議中)**: Purple line connecting Taoyuan Airport to the city center.
- 環狀南北線 (建議中)**: Yellow line forming a loop around the city.

The map also shows existing districts such as Beitou, Shilin, Neihu, Songshan, Xinyi, Daan, Wanhua, Zhongzheng, and others, along with major roads and landmarks like Sun Yat-sen Memorial Hall and Chiang Kai-shek Memorial Hall.

Projects in Greater Taichung



Projects in Greater Kaoshiung



Features and Target Customers

- **Major project locations:** Top four metropolitans in Taiwan (Taipei, Xinbei, Taichung and Kaoshiung)
- **Features:** Upscale residential housing with sophisticated design & decor and advanced management systems
- **Target customers:**
 - 1.Replacement homebuyers - large high-end residential housing
 - 2.First time homebuyers - 2~3 room residential housing
- **The company launches various types of projects to cater to all kinds of customers. Highwealth also plans to build shopping malls and office buildings to create more value for its clients and shareholders**

Project differentiation and market uptrend

- Downtown Taipei projects

Due to the uptrend of land prices in downtown Taipei, projects are mainly designed to:

- **High-end residential housing**: Demand driven by economic recovery and continuous fund inflow.
- **Small sophisticated suite**: For singles or family without children.

- Taipei County projects

Taipei County has been the major beneficiary of a flurry of new important transportation projects. Besides, the high housing prices in Taipei City make this area comparatively affordable :

- **2~3 room residential housing**: For first-time homebuyers seeking lower prices outside downtown Taipei.

- **The housing market will keep trending up in the long run given: 1) improving cross-strait relationship, 2) more domestic investment, and 3) a better economic outlook.**

Core competency and earnings review

- **Core competency:** Highwealth is among top three private property developers in Taiwan with a capitalization of NT\$7.1bn. With a land bank totaling 52,793 ping, the company is in keeping with the market trend and has projects across the island. Chairman Cheng Chin-Tien, with a solid civil engineering background and more than ten years of real estate experience, led the firm to weather out the housing doldrums in 2000 as it continuously expands land bank with enhanced competitiveness.
- **Earnings review:** Revenue grew from NT\$7.3bn in 2006 to NT\$9.8bn in 2007, and topped NT\$10.0bn in 2008. Company delivered record high revenue of NT\$18.9bn and EPS of NT\$7.2 in 2009. Revenue of 2010 reached NT\$27.5bn, the highest among listed developers in Taiwan, with EPS of NT\$10.4/shr. Current land banks are enough for project development during 2011-2014.

Taiwan property market outlook

- After more than a decade of slowdown, Taiwan's property market started to pick up in 2004 after the economy was devastated by the SARS epidemic, boosted by the pent-up demand for residential housing, unprecedented low interest rate, and increased government spending.
- Following the financial crisis in 2008, Taiwan's property market gradually recovered as the government sped up cross-strait negotiations, which helped increase capital flow into the housing market, including high-end residential housing and commercial property.
- We hold a positive view on the property market, especially the commercial property market, as we believe housing prices will trend up given: 1) continuous economic growth, 2) a low interest rate environment, 3) scarce land supply, 4) rising construction costs, 5) a more stable political climate, and 6) increased capital repatriation or investment from overseas, especially China.

Taiwan property market outlook

- We believe the recent “luxury tax on property” from Taiwan government is to curb the property speculation rather than to cool down the market. Although the housing price may be constrained in the short-term due to negative impact on sentiment, the new policy should be positive to Taiwan property market in the long-term. We expect the upward trend of Taiwan property to continue given the low interest rate, the inflation concern, the improving unemployment rate, and recovery of macro economy.