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興富發建設股份有限公司
Highwealth Construction Corporation

2021 Annual Report

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

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One. Letter to the Shareholders.....	1
Two. Company Profile	10
I. Date of establishment: January 23, 1980	10
II. Company History	10
Three. Corporate Governance Report	13
I. Company Organization	13
II. Information of president, vice president, associates, department and branch directors.....	15
III. Remuneration of Directors, President, and Vice Presidents in the latest year	25
IV. Implementation of Corporate Governance.....	33
V. Audit fees	101
VI. Change in CPA: Nil.....	101
VII. 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: Nil.	101
VIII. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest in the last year, up until the publication date of the annual report:	101
IX. 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.	102
X. The number of shares held by the company, the company's directors, managers and the company directly or indirectly controlled by the company in the same investment business, and combined to calculate the comprehensive shareholding ratio	104
Four. Capital Overview	106
I. Capital and Shares.....	106
II. Corporate Bonds	113
III. Preferred Shares: Nil.....	117
IV. Overseas Depository Receipts: Nil.	117
V. Employee Stock Options and New Restricted Employee Shares: Nil.	117
VI. New Shares Issuance in Connection with Merger and Acquisition: Nil.....	117
VII. Financial Plans and Implementation:.....	117

Five. Operational Highlights	119
I. Business Activities	119
II. Market and Sales Overview	125
III. Human Resource Information(Ratio of employees in service, average years of service, average age and education) in the last two years up until the publication date of the annual report.....	136
IV. Environmental Protection Expenditure.....	136
V. Labor Relations	137
VI. Information security management	142
VII. Major contracts	143
Six. Financial Profile.....	145
I. Condensed Balance Sheet, Consolidated Income Statement and Audit Opinion in the Past Five Years	145
II. Financial Analysis in the Past Five Years	149
III. Audit Committee’s Review Report on the Latest Financial Report	154
IV. Financial Statement of Recent Year	154
V. The Parent Only Financial Statement Audited by the CPAs of the Recent Year ...	236
VI. If the Company or its Affiliates have Experienced Financial Difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, and the impact to the Company's Financial Situation	308
Seven. Review and Analysis of Financial Status and Business Results and Risk Issue	30155
I. Financial Status	309
II. Financial Performance	310
III. Cash flow	311
IV. Impact of Major Capital Expenditure in the Past Year on the Financial Status: Nil.	312
V. 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	313
VI. Analysis and Assessment of Risk Issues in the Past Year and as of the Date of Publication of the Annual Report.....	314
VII. Other important matters: Nil.....	322

Eight. Special Notes	323
I. Information about the Company’s Affiliates	323
II. Private Securities in the Past Year and as of the Date of Publication of the Annual Report: Nil.	330
III. 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:	330
IV. Other Necessary Supplementary Notes: Nil.	330
V. 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.	2390

One. 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!

As we look back on 2021, the COVID-19 pandemic continues to affect the world. In addition, major global events such as the UK's formal departure from the EU, the inauguration of US President Joe Biden, the Tokyo Olympics is the first Olympic without a live audience but with the most people viewed online, the impact on the world economy and supply chain from the blockage of the Suez Canal by the giant container ship "Ever Given", and the ongoing extreme weather events around the world continue to impact our living environment. In Taiwan, although the pandemic in the country got worse in May and was once on Level 3 alert, Taiwan was still able to fight against the pandemic compared to other countries. The money came in to Taiwan as a result of the appreciation of the New Taiwan dollar, and Taiwanese businessmen were able to return to Taiwan with plenty of capital, driving Taiwan's industrial development and employment, resulting in an economic growth rate of 6.28%, the best in 11 years. In addition, the stock market also reached new highs several times, reaching the 18,000-point record. The strong exports drive a huge increase in domestic capital, and a better domestic consumption, which support enterprises to continue to invest to make a positive economic circulation.

In the real estate sector, the increase in investment in Taiwan has led to stronger growth in economy and job opportunities, better income, increased domestic demand (4.7 million people under the age of 34). Moreover, the high costs of wages and construction materials, as well as the negative interest on excess reserves worldwide, also indicate the strong future momentum in the construction industry. As we faced the challenge from our competitors, the first and most important thing is to identify what the consumers want. We have handed over approximately 4,000 to 6,000 houses a year, and our main concern is "What do the customers want?" Our mission is to create a safe and happy environment for Taiwanese people to live and work in, to encourage young people to own houses, to think positively about starting a family, and to become a positive influence in society; this is also a potential opportunity for the future housing market.

In 2021, despite the complex global political and economic situation, Highwealth and its subsidiaries achieved a consolidated revenue of \$44.3 billion, reaching an all-time high, with gross margins rising back to 31% and earnings per share of over \$6. We have kept our self-discipline and professionalism, flexibly adjusted our business strategies to meet market demand, to ensure that the construction projects have remained stable, and to maintain a leading position in the industry with innovative concepts and steady operations. We have invested \$33.9 billion in land purchases, making us the largest buyer in Taiwan for land investment and commercial real estate in the year. According to the survey of the top 2,000 companies in 2021 by Commonwealth Magazine, Highwealth Construction ranked the 3rd in the construction category, the 36th in the most profitable companies, and

the 70th in Total, which is a remarkable achievement.

With a registered capital of \$15.6 billion, the Group is in the process of transforming itself from a construction company to a property development company. We are now focusing on long-term steady income from our operations, including commercial real estate and hotel business, and we are moving towards a new milestone in increasing our assets by diversifying our business strategies. We have partnered with top brands in the world. Marriott's Tainan Anping "Aloft" Hotel opened in January 2022 and has successfully driven the tourists to visit the city. In the future, Hyatt Regency New Taipei City and Hyatt Regency Kaohsiung will also be launched soon.

For 2022, we will continue to actively promote land-purchasing cases in the north, central and south. If approvals are obtained successfully, new high profile cases would include the Xinrui and Shanjie sections in Zhongli District, Taoyuan; the Platinum Aiyue, Municipal Aiyue, and Romain Laolan in Xitun District, Taichung City; the Xindu section in Sanmin District, Kaohsiung City; the Platinum Aiyue in Zuoying District; the Zhongzheng No. 1 House in Qianjin District; and the Left Bank of the Paris River (by a subsidiary of the Group). Meanwhile, the Company continues to pay attention to all kinds of changes to national economy, business environment changes related to livelihood wealth. 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 the shareholders of Highwealth's consolidated revenue of NT\$44.3 billion for 2021, in which the contributing construction cases include Hsin Sen Hou Condominium in Qingpu District, Shuanghu Hui, Taipei CBD Times Square, Chungyan A+ Condominium, Highwealth Manor, Fu Jiang Cui Condominium, Tayue and Tahe Condominiums at Jiangcui District, and Yueyang project in Science Park in Hsinchu, etc. The contributing construction cases to the revenue at Taichung comprise Hengyung Condominium, Shuhe Condominium, Castle of Orion, Boshi Condominium, Love of Orion, Taichung Country No.1 Courtyard, etc. In the south, the contributing construction cases include Up East Town in Tainan, Huaren Hui Condominium, Yueh Cheng Condominium, Bo Yue Condominium, Da Yue Condominium, Boai Hsianghsieh Condominium, and Meishu Tayue Condominium in Kaohsiung City, coupled with the revenue contributions from subsidiary, Chyi Yuh Construction's projects, Bo-Yuan Construction's projects, namely Taipei Chungshan Kaiyan Condominium, Runlong Construction's projects, namely Berkely Park, Zhong Yen A+, Taichung Di Bao Condominium, Kuo Pin Condominium, Runlong Condominium, True Love Condominium, Ture Love No.2 Condominium, and Yueh Cheng Condominium. These cases had created an after-tax profit of NT\$6.45 per share for 2021!

Highwealth is committed to change and innovation. Apart from the sales made by subsidiaries, new projects are launched consistently to cater to the market demand in northern, central, and southern Taiwan. In the next six years, new houses completed are expected to exceed NT\$300 billion. When we face competition posed by our counterparts, we focus on our foundation in the core construction

business, and continue to acquire land to stay ahead of the industry and seek further market opportunities for double the value. In response to a severe labor shortage, we have taken early actions. In addition to the Building Information Modeling (BIM), which has already been in use for 10 years, and precast construction, the aluminum modules and pre-assembled steel pillars have been developed, and we are also studying the possibility that robots may be used to carry the construction materials. Although the costs will rise, the use of new technologies can be applied at our sites in the northern, central and southern areas. The new technologies shall be helpful in increasing the engineering quality and the overall construction technology.

Highwealth is committed to our philosophy of “integrity” and “sustainable development”, while closely monitoring the housing demand, change in the economic environment, improve products and service quality, and actively optimize our development and finances in order to maximize the benefits and value for our customers, shareholders and employees, as well as to contribute to society. The number of employees of the Group has grown steadily from 165 when it first listed in 2000 to about 1,500 now. In the future, we will continue to invest more in Taiwan and provide more job opportunities in Taiwan, so we can contribute to the economic growth of Taiwan together.

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

I. Operating Conditions in 2021

(I) Business results

The Company's net consolidated revenue for 2021 was NT\$44,282,065 thousand, representing an increase of NT\$19,819,047 thousand as compared to NT\$24,463,018 thousand for 2020.

The Company's consolidated net profit before tax for 2021 was NT\$11,196,703, representing a decrease of NT\$7,880,546 as compared to NT\$3,316,157 NT dollars of 2020.

The increase in net profits was mainly due to the increase in the domestic housing market's rigid demand driven by factors including proper control measures over the domestic epidemic, easy monetary support, and increased transparency of transaction information through actual price registration, which contributed to the increase in the number of completed construction projects and sales as compared to the previous year.

(II) Budget implementation status

In accordance with the public standards for information processing of the Company's public financial forecasting, it is not necessary for the Company to prepare financial forecasting for 2021.

(III) Financial revenue and expenditure status

The consolidated financial revenue and expenditure status of the Company and subsidiaries for the last two years is summarized as follows:

Unit: 1,000 NT dollars

Items	2021	2020
Net operating income	10,014,960	4,136,357
Non-operating income and expenses	1,181,743	(820,200)
Pre-tax net profit	11,196,703	3,316,157
Profit (loss)	9,589,110	2,823,254
Total comprehensive income	9,603,497	2,825,867

(IV) Profitability Capacity Analysis

The consolidated profitability analysis of the Company and subsidiaries for the last two years is summarized as follows:

Items	2021	2020
Return on Assets (%)	5.41	2.15
Return on Equity (%)	23.53	8.04
Pre-tax net profit to paid-in capital ratio (%)	80.39	25.70
Net profit rate (%)	21.65	11.54
Earnings per share (NT\$)	6.45	2.11

(V) Research and development status

1. In terms of construction planning and design: the most appropriate products shall be planned to meet the needs of consumers taking count of the three major principles of practicality, firmness and aesthetics in accordance with the characteristics of the promoted cases position and surrounding environment.
2. In terms of construction project and management: develop the most suitable construction technology and project management for different types of construction sites, strictly control the construction quality, cost and progress, and ensure the safety of the construction site.
3. In terms of market research and development: master the real estate market information, collect the land and housing market data of various districts, conduct regular discussions and analysis, provide the basis for product positioning and marketing strategy, and take creating high sales rate as the purpose.

II. Prospects of 2022

Highwealth Group will continue to purchase land in Keelung, Taipei, New Taipei City, Taoyuan, Taichung, Tainan, and Kaohsiung districts in 2022, and venture into restaurants, shopping malls, hotels, and other new businesses. We will continue to strive to achieve new record through diversification operating method.

The objectives for the coming years are declared as follows:

(I) Operating Policy

The Highwealth Group's business philosophy has always been "integrity" and "sustainable management", and we are working towards the goal of doubling the market value of the Company to make profits for both employees and shareholders. As the Group's operations become more diversified, our operating policies are as follows:

1. In terms of expansion: The Company plans to expand product development in a professional manner, diversify operating risks, ensure project quality and progress, and vertically integrate upstream, midstream and downstream suppliers, such as suppliers of water, electricity and building materials, interior decorators, and real estate agencies. With a range of diversified operating strategies, the Company seeks to reduce operating costs, improve product competitiveness, optimize efficiency and continue development from base locations, to create service momentum and expand the scale of the Company. For example, the Company has partnered with Marriott and Hyatt, the world's largest hotel chains, to enter the hotel industry and implement its diversified business strategy.
2. In terms of development: The Company acquires land with a range of diversified methods

and develop comprehensively. Apart from training professionals and establishing project teams, the Company strengthens the inter-industry strategic alliances, and establish national land information systems. Combining with the development and management philosophy, the Company strengthens the value of the entity, so as to facilitate land acquisition and project development, as well as actively developing urban renewal plan cases.

3. In terms of planning: The Company collects the characteristics of the design and planning of real estate buildings in various countries extensively, attach importance to the fire prevention labels, green buildings, building materials labels, intelligent building labels and earthquake-resistant building labels in public areas, and add the concepts of energy conservation, water conservation, ecology and environmental protection to encourage the improvement of building quality. Depending on the market demand differences and regional differences, structural changes in population and family composition, the Company plans and designs exquisite and humanized high-quality products, and provides perfect after-sales service to establish a good brand image and reputation of the Company, so as to further enhance customer trust in the Company and the brand of Highwealth.
4. In terms of management system: In order to cope with the increasing business scale, apart from strengthening the internal control system, budget management and corporate governance, the Company has also enforced job accountability and digitalized various processes to increase work efficiency, and strengthened the coordination of horizontal and vertical communication to facilitate the management process for creating performance growth, while increasing work and management efficiency.
5. In terms of finances: Strengthen the financial operating capability, maintain the appropriate equity ratio to cater to the fluctuation of market interest rates, and raise the long and short-term funding requirements through the capital and money markets, so as to enhance the competitiveness of the Company.
6. In terms of resources: Continue to strengthen employee training, enhance the management capability of supervisors, implement sustainable development policies, provide training to cater to human resources requirement for future development, increase the competitiveness of the Company so as to provide high quality service and ensure the core value of the Company is entrusted to the future generation.

(II) Important production and marketing policies

1. Production policies:

- (1) Based on the solid professional foundation of land development, fully grasp the information of land sources, closely screen, actively participate in urban renewal land development and joint development of MRT stations, and actively expand and reserve land resources of high-quality lots.

- (2) Establish appropriate pricing, sales channels and advertisement strategy pertinent to the characteristics of the products, supervise target meeting of each sales scheme and closely monitor the market trend to allow flexible adjustments for facilitating project development and maximizing profitability.
- (3) To implement diversified business strategies, the Company will increase the proportion of commercial office buildings and factory premises, enter into the hotel business, and improve the operating performance for its investment business.
- (4) In respond to labor shortage currently, the Company will continue to develop BIM Architectural Information Center, precast method and aluminum mold, enhance engineering techniques, quality, efficiency and environmental friendly, and promote renovation to construction technology in Taiwan comprehensively.
- (5) The product positioning and construction planning of projects that are yet to be developed must be responsive to the demands of the housing market and the changes in the economic environment. The Company shall seek to meet its targets for improving its products, services, safety and active development.

2. Sales strategies:

- (1) Sales conception of zero-unsold completed units.
- (2) Conduct analysis of market demand and work well in product positioning.
- (3) Establish diversified marketing channels and apply big data technology.
- (4) Establish enterprise brand identification and “customer-oriented” service orientation.
- (5) Adopt the most appropriate construction method to work well in quality control and cost control.
- (6) Strengthen the discussion of relevant laws and decrease the possibility of house purchase disputes.

(III) The expected sales and its basis

1. Intensively concentrate on the industry: For the Company’s existing projects, effectively integrate the resources of all parties, deepen the Company branding, strengthen the development strategy of diversification of construction materials, and implement the policy of providing high quality products, cost reduction and fast-paced project development to expand the Company steadily.
2. Sustainable development: Seek domestic and overseas niche market projects in the future; apart from optimizing engineering technologies and construction quality, make use of the existing management team and AI to continue to maximize the value of the Company’s branding.

3. Development of a second core industry: Make use of existing commercial immovable property of construction cases to develop a fixed-income business entity, plan for a comprehensive development opportunity, and venture into a diversified blue ocean market to support the stable dividend policy.

(IV) Influences of external competitive environment, regulatory environment and the overall business environment

1. External competition: According to the latest statistics from the Ministry of the Interior, the total number of houses to be transacted in 2021 was 348,000, the highest in 8 years, with an annual increase of 6.62% compared to 2020. The number of transactions has been rising for 5 consecutive years since 2016, which reflects the market's strong demand, showing that the overall housing market is going up in terms of price and volume. In addition, in response to the returning of Taiwanese businessmen and high-end customers, the demand for large luxury houses has increased greatly. The Company continues to lead the industry and obtain the largest market share by taking advantage of its brand, team and flexible marketing strategy, in response to rapid changes in the industry.

2. Regulatory environment: The Central Bank initiated the first rate hike in 10 years, and has raised interest rates by 0.25 percentage points. The Bank has also launched four policies to curb real estate speculation and reinforce four real estate credit controls, including lowering the mortgage ratio for natural persons to purchase high-priced residential properties and set the mortgage ceiling for third or more house purchases. The Ministry of the Interior has launched a major campaign to curb speculation in the housing market, and has proposed amendments to the "Equalization of Land Rights Act" and the "Real Estate Broking Management Act" to restrict pre-sales and resales of newly completed houses, and to impose heavy penalties on the speculators in housing prices. In addition, there are also changes to the Actual Price Registration 2.0 and House and Land Transactions Income Tax 2.0. The Company will focus more on market trends and study the laws and regulations to ensure shareholders' rights and interests.

3. Overall business environment: Last year, the domestic demand for residential properties increased, resulting in an increase in housing prices in the seven metropolitan areas. Among them, the main reason was that TSMC, the "Protector of the Nation", invested and set up a factory in Kaohsiung. The TSMC's factory in Southern Taiwan Science Park has driven the housing price to rise in the Great Southern area of Taiwan. The market is supported by many factors, such as the continued high growth of exports, the overall economic support, interest rates are still at the low level and capital is plentiful, inflationary concerns are worsening, wages and building materials and other construction costs are rising; therefore, housing prices are still going up rather than down. In Northern Taiwan, the real estate market is

mature, and it is estimated that in 10 years, the entire business activity center in the north will move to Taoyuan, while the central and southern areas have the advantages in population and industrial migration, so that housing prices in the central area will continue to rise. In conclusion, the Company is optimistic about the future of the housing market as this year will be a good opportunity for home buyers to purchase houses to live or invest in, and the profits of commercial office investments are especially steady and will be the focus of the real estate market.

In the end, I, only on behalf of the Company, would like to show my thanks to ladies and gentlemen for your encouragement and support, and wish you

All the best and family peace

Chairperson: Cao Yuanbo



Manager: Fan Huajun



Accountant Officer: Li Xiutai



Two. Company Profile

I. Date of establishment: January 23, 1980

II. 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	<p>(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.</p> <p>(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.</p>
2007	<p>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.</p>
2008	<p>(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.</p>

- (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 16, 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.

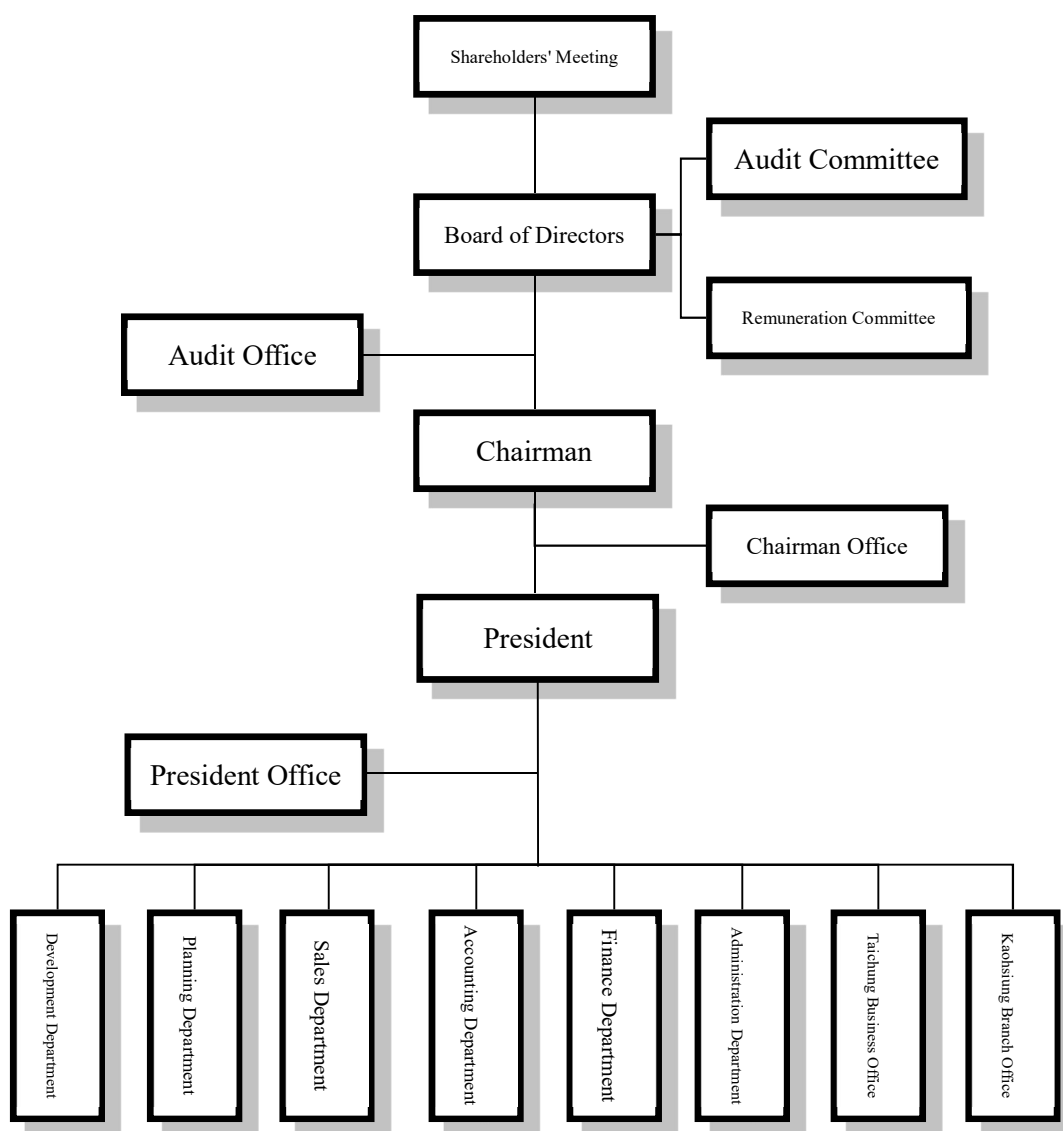
- 2014
- (1) On August 5, the Company was approved by the Financial Supervisory Commission to handle the transfer of surplus shares to new shares issued by NT\$2,991.35 million. After the capital increase, the paid-in capital of the Company was NT\$8,974.05 million.
 - (2) The consolidated operating 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\$2,692.21 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 NT\$1,002,000 Ten Thousands.
- 2018
- In 2018, the consolidated operating revenue reached NT\$44.2 billion, a historic high.
- 2019
- Kaohsiung “Joy Plaza”, the bazaar under Healthware, officially opened on July 3.
- 2020
- On August 3, the Company was approved by the Financial Supervisory Commission to handle the transfer of surplus shares to new shares issued by NT\$1,166.62 million. After the capital increase, the paid-in capital of the Company was NT\$12,832.91 million.
- 2021
- (1) In 2021, the consolidated operating revenue reached NT\$44.3 billion, a historic high.
 - (2) 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\$13,901.37 million.

Three. Corporate Governance Report

I. Company Organization

(I) Organization System

1. Organizational Structure





(II) Work Description of Major Departments

Name of the Department	Responsibility of the Job
President Office	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.

II. Information of president, vice president, associates, department and branch directors

(I) Information of Directors

April 16, 2022 Unit: Shares; %

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date of Election (Assumed Office)	Tenure	Date of First Election	Shares held during election		Current Shareholding		Current Shareholding of Spouse and Minor Child(ren)		Shareholding under Other Person(s)		Main Work (and Education) Experience	Other Position(s) Held Concurrently in the Company and Other Companies	Executives, Directors or Supervisors Who Have Spouses or within Two Degrees of Kinship			Remarks --
							Number of shares	Shareh olding Percent age	Number of shares	Shareh olding Percent age	Number of shares	Shareh olding Percent age	Shares	Shareh olding Percent age			Position	Name	Relation	
Juristic Person Chairman	Republic of China	Run Ying Invest ment Co., Ltd. <small>Note 1</small>	Not applicab le.	June 10, 2020	3 years	June 10, 2020	25,612,992	2.20%	28,174,291	1.81%	0	0%	0	0%	Highwealth Construction Juristic-person Chairman	Nil	Nil	Nil	Nil	Nil
Juristic Person Chairman Representat ive ^{Note 1}	Republic of China	Cao Yuan bo	Male 61 to 70 years old	May 7, 2021	N. A.	N. A.	0	0%	0	0%	0	0%	0	0%	Specialized class 43, ROC Military Academy Chairperson of Highwealth Construction	Chairman of the Company	Nil	Nil	Nil	Nil
Juristic Person Director Representat ive ^{Note 1}	Republic of China	Fan Huaju n	Male 51 to 60 years old	June 10, 2020	N. A.	N. A.	202	0%	222	0%	858	0%	0	0%	Department of Electrical Engineering, Kun Shan University President of Highwealth Construction Corp	President of the Company	Nil	Nil	Nil	Nil
Director	Republic of China	Zheng Qintia n	Male 51 to 60 years old	June 10, 2020	3 years	Feb 23, 2000	26,611,304	2.28%	29,275,725	1.88%	8,966,663	0.57%	0	0%	Civil Engineering Division, Cheng Shiu University Director, Highwealth Construction	Group CEO	Director	Zheng Xiuhui	Couple	Nil

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date of Election (Assumed Office)	Tenure	Date of First Election	Shares held during election		Current Shareholding		Current Shareholding of Spouse and Minor Child(ren)		Shareholding under Other Person(s)		Main Work (and Education) Experience	Other Position(s) Held Concurrently in the Company and Other Companies	Executives, Directors or Supervisors Who Have Spouses or within Two Degrees of Kinship			Remarks --
							Number of shares	Shareh olding Percent age	Number of shares	Shareh olding Percen tage	Number of shares	Shareh olding Percent age	Shares	Shareh olding Percent age			Position	Name	Relation	
Directors	Republic of China	Zheng Xiuhui	Female 51 to 60 years old	June 10, 2020	3 years	Feb 23, 2000	8,151,512	0.70%	8,966,663	0.57%	29,275,725	1.88%	28,174,291	1.81%	Civil Engineering, Kaohsiung Junior College of technology Vice President, Highwealth Construction Corp	The Company's special assistant & Xing Ri-sheng Investment Co., Ltd. Chairman of the Company Run Ying Investment Chairman of the Company Run Ying Investment Chairman of the Company	Director	Zheng Qintian	Couple	Nil
Independent Directors	Republic of China	Hong Xiyao	Male 71 to 80 years old	June 10, 2020	3 years	June 13, 2017	0	0%	0	0%	0	0%	0	0%	Barrington University, USA Honorary Doctorate in Business Chairman of Taiyen Biotech Co., Ltd.	Nil	Nil	Nil	Nil	Nil
Independent Director	Republic of China	Li Wencheng	Male 71 to 80 years old	June 10, 2020	3 years	June 13, 2017	0	0%	0	0%	0	0%	0	0%	Central Police University President of Taiwan High Court	Run Long Construction Co., Ltd. Independent Director of the Company Independent director of Roo Hsing Construction Co., Ltd.	Nil	Nil	Nil	Nil

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date of Election (Assumed Office)	Tenure	Date of First Election	Shares held during election		Current Shareholding		Current Shareholding of Spouse and Minor Child(ren)		Shareholding under Other Person(s)		Main Work (and Education) Experience	Other Position(s) Held Concurrently in the Company and Other Companies	Executives, Directors or Supervisors Who Have Spouses or within Two Degrees of Kinship			Remarks --
							Number of shares	Shareh olding Percent age	Number of shares	Shareh olding Percen tage	Number of shares	Shareh olding Percent age	Shares	Shareh olding Percent age			Position	Name	Relation	
Independent Director	Republic of China	Chen Tachu n	Male 51 to 60 years old	June 10, 2020	3 years	June 10, 2020	20,000	0%	22,000	0%	0	0%	0	0%	Master's in political sciences, Chinese Culture University	Associate Professor of National Taichung University of Science and Technology	Nil	Nil	Nil	Nil

Note: 1. Representatives of Run Ying Investment Co., Ltd: Cao Yuanbo, Fan Huajun.

2. The number of shares held above is based on the number of shares registered on the transfer date of shareholders as of April 16, 2022; the total number of shares issued is 1,560,385,031 shares.

3. The former juristic person chairman representative was Zheng Zhilong. On May 7, 2021, Cao Yuanbo was appointed as the new juristic person chairman representative, and elected by the Board as the Chairperson on the same day.

1. Major shareholders of juristic-person shareholder

Name of Juristic-person Shareholder	Major shareholders of juristic-person shareholder
Jun Ying Investment Inc.	Zheng Qintian (70.06%), Zheng Xiuhui (22.34%), Zheng Qiaowen (3.8%) and Zheng Junfang (3.8%)

2. In the event that the major shareholder(s) of the juristic-person shareholder is a juristic person, the major shareholder(s) is as follows: Nil.

3. Disclosure on professional qualification of Directors and independence of Independent Directors:

Name	Criteria	Professional qualification and experience	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director: Zheng Qintian		1. Civil Engineering, Cheng-Shiu Junior College of technology 2. President of Highwealth Construction Corporation.	0
Director: Zheng Xiuhui		1. Civil Engineering, Kaohsiung Junior College of technology 2. Special assistant of Highwealth Construction	0
Director: Representatives of Run Ying Investment Co., Ltd, Cao Yuanbo		1. Specialized class 43, ROC Military Academy 2. Chairperson of Highwealth Construction	0
Director: Representatives of Run Ying Investment Co., Ltd, Fan Huajun		1. Department of Electrical Engineering, Kun Shan University 2. President of Highwealth Construction Corp	0

Name	Criteria	Professional qualification and experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director

<p>Independent Director: Hong Xiyao</p>	<ol style="list-style-type: none"> 1. MBA, Barrington University, USA 2. Chairperson of Taiyen Biotech Co., Ltd. and CEO of National Development Fund 3. Not been a person of any conditions defined in Article 30 of the Company Law. 	<ol style="list-style-type: none"> 1. The Director, the Director's spouse, or relative(s) within the second degree of kinship has not assumed positions as a Director, Supervisor or employee of the Company or its affiliated companies, or owned any shares of the Company. 2. Has not assumed positions as a Director, Supervisor or employee of company(ies) in specified relationship with the Company. 3. In the most recent two years, no services in commercial, law, finance, or accounting has been provided to the Company or its affiliated companies. 	<p>0</p>
<p>Independent Director: Chen Tachun</p>	<ol style="list-style-type: none"> 1. Master's Degree in Political Sciences, Chinese Culture University 2. Associate Professor of National Taichung University of Science and Technology 3. Not been a person of any conditions defined in Article 30 of the Company Law. 	<ol style="list-style-type: none"> 1. The Director, the Director's spouse, or relative(s) within the second degree of kinship has not assumed positions as a Director, Supervisor or employee of the Company or its affiliated companies, or owned any shares of the Company. 2. Has not assumed positions as a Director, Supervisor or employee of company(ies) in specified relationship with the Company. 3. In the most recent two years, no services in commercial, law, finance, or accounting has been provided to the Company or its affiliated companies. 	<p>0</p>
<p>Independent Director: Li Wencheng</p>	<ol style="list-style-type: none"> 1. Central Police University 2. Division-Chief Judge, Taiwan High Court President of Hualien Local Court President of Taitung Local Court President of Penghu Local Court 3. Not been a person of any conditions defined in Article 30 of the Company Law. 	<ol style="list-style-type: none"> 1. The Director, the Director's spouse, or relative(s) within the second degree of kinship has not assumed positions as a Director, Supervisor or employee of the Company or its affiliated companies. 2. The Director, the Director's spouse, or relative(s) within the second degree of kinship owns 22,000 shares of the Company (0.001%). 3. Run Long Construction Co., Ltd. Independent Director of the Company. 4. In the most recent two years, no services in commercial, law, finance, or accounting has been provided to the Company or its affiliated companies. 	<p>2</p>

4. Diversity and independence of the Board of Directors:

(1) Diversification policy and goals of the Board of Directors

The Company promotes and respects the diversification policy of Directors. To strengthen the corporate governance and enhance a healthy development of composition and structure of the Board, the Company believes that the diversification policy shall be helpful in increasing the overall performance of the Company. The election of Board members is based on the principle of meritocracy, whereby the members shall possess a diverse and cross-industrial competence that complements one another, including basic composition (e.g. age, gender, nationality, etc.), as well as relevant industry experience and skills (e.g. construction and engineering industry, financial and accounting, legal etc.), and operating, business management, leadership and crisis management capabilities. Depending on the operational development scale and the shareholding of major shareholders, as well as weighing in the practical needs of operation, the structural goal of the Board should comprise more than five Board members, of which three members are Independent Directors, at least one member is female Director, at least one member has legal expertise, more than 33% are Directors with sales expertise, more than 33% are Directors with financial and accounting expertise, and more than 50% are Directors with industry background.

To strengthen the functionality of the Board of Directors so as to achieve goals of corporate governance, the Corporate Governance Guidelines, Article 20 provides that the overall Board of Directors shall possess the following capabilities:

- a. Basic criteria and values: Gender, age, nationality and culture, etc.
- b. Professional knowledge and techniques: professional background. (such as law, accounting, industry, financial, sales or technology), professional competences, and other industry experiences.
- c. Business management capability.
- d. Crisis management capability.
- e. Industry knowledge.
- f. Global market perspective.
- g. Leadership quality.
- h. Decision making capability.

(2) Implementation status of the Board diversity

To strengthen the management of the Company and facilitate the formation and construction of the Board of Directors to develop well, the formation of the Board of Directors should take into consideration various needs, such as the business structure, directions of business development and future trend of development. Furthermore, the multi-faceted assessment shall also be made. The current Board consists of seven Directors, including three Independent Directors, where one Independent Director with less than three years of experience, whilst two other Independent Directors with three to six years of experience. More than 14% of the Directors possess legal expertise, more than 50% of the Directors possess marketing expertise, more than 50% of the Directors possess financial and accounting expertise, more than 67% of the Directors possess industry experience. Independent Directors constitute 42.8% of the Board, whilst Directors who are concurrently the Company employees constitute 57% of the Board. The members possess financial, commercial, legal and management experience and expertise. Furthermore, the Company pays attention to gender quality with the Board members. Currently, there are seven Directors, including one female Director (14%). The Company aims to increase one more female Director in the next election. The implementation status is as follows:

The practice of the diversity of the member in the Board of Directors (June 10, 2020 ~ June 09, 2023):

Position	Name	Formation					Industry experience/expertise									
		Nationality	Gender	Concurrent employment position in the Company	Age	Seniority of Independent Director	Financial Accounting	Law	Marketing	Operational Judgment	Business Management	Crisis Management	Industry knowledge	Global Market Perspective	Leadership Quality	Decision Making Capability
Chairperson and Representative of Juristic-person Director	Cao Yuanbo	Republic of China	Male	√	> 50		√		√	√	√	√	√	√	√	√
Representative of Juristic-person Director	Fan Huajun	Republic of China	Male	√	> 50		√		√	√	√	√	√	√	√	√
Director	Zheng Qintian	Republic of China	Male	√	> 50		√		√	√	√	√	√	√	√	√
Director	Zheng Xiuhui	Republic of China	Female	√	> 50		√		√	√	√	√	√	√	√	√
Independent Director	Hong Xiyao	Republic of China	Male		> 50	>3	√		√	√	√	√	√	√	√	√
Independent Director	Li Wencheng	Republic of China	Male		> 50	>3		√		√	√	√	√	√	√	√
Independent Director	Chen Tachun	Republic of China	Male		> 50	<3			√	√	√	√	√	√	√	√

(3) The information of the current Board members (June 10, 2020 to June 9, 2023)

Position	Name	Education (Experience)	Other Position(s) Held Concurrently in the Company and Other Companies
Chairman	Runying Investment Co., Ltd. Representative: Cao Yuanbo	Specialized class 43, ROC Military Academy Vice President, Gia Shilin Construction Co., Ltd	Chairman of the Company Chairman of Bo-Yuan Construction Corporation. Chairperson of Pi Chiang Enterprise Co., Ltd. Chairperson of Hundred Million Mark Enterprise Co., Ltd. Well Rich International Co., Ltd.
Director	Runying Investment Co., Ltd. Representative: Fan Huajun	Department of Electrical Engineering, Kun Shan University Sales Executive of Highwealth Advertising	President of the Company Chairperson of Ju Feng Hotel Management Consultant Co., Ltd. Director of Chyi Yuh Construction Co., Ltd. Well Rich International Co., Ltd. Director of Hundred Million Mark Enterprise Co., Ltd. Director of Pi Chiang Enterprise Co., Ltd. Director of Bo-Yuan Construction Corporation. Chairperson of Highwealth Construction Corporation
Director	Zheng Qintian	Civil Engineering, Cheng-Shiu Junior College of technology Director, Highwealth Construction	Group CEO Ju Feng Hotel Management Consultant Co., Ltd. Director Director of Hundred Million Mark Enterprise Co., Ltd. Director of Pi Chiang Enterprise Co., Ltd.
Director	Zheng Xiuhui	Civil Engineering, Kaohsiung Junior College of technology Vice President, Highwealth Construction Corp	The Company's special assistant & Director of Ju Feng Hotel Management Consultant Co., Ltd. Chairman of Xing-Ri-Sheng Investment Company Chairman of Run-Ying Investment Company Chairman of Feng-Rao Investment Company
Position	Name	Education (Experience)	Other Position(s) Held Concurrently in the Company and Other Companies
Independent Director	Hong Xiyao	Barrington University, USA Honorary Doctorate in Business Chairman of Taiyen Biotech Co., Ltd.	Nil
Independent Director	Li Wencheng	Central Police University President of Taiwan High Court	Independent director of Run-Lung Construction Inc. Independent director of Roo Hsing Construction Co., Ltd.
Independent Director	Chen Tachun	Master's in political sciences, Chinese Culture University	Associate Professor of National Taichung University of Science and Technology

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

April 16, 2022 Unit: Shares; %

Title	Nationality	Name	Gender	Date of Election	Shares held		Shares held by Spouse & Minor Child(ren)		Shareholding by Nominee Arrangement		Main Experience (Education)	Other Position(s) Held Concurrently in Other Companies	Spouses or Within Two Degrees of Kinship who are Managers			Note
					Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Position	Name	Relation	
President	Republic of China	Fan Huajun	Male	June 2014	222	0%	858	0%	0	0%	Electrical Engineering Division, Kun Shan University Sales personnel of Highwealth Advertising	Chairperson of Ju Feng Hotel Management Consultant Co., Ltd. Director of Chyi Yuh Construction Co., Ltd.	Nil	Nil	Nil	Nil
Development Department Vice President	Republic of China	Liao Zhaoxing	Male	June 2006	173,003	0.01%	85,800	0.01%	0	0%	Land Economics Department, National Chung Hsing University Sales Assistant Manager, Hongju Construction	Nil	Nil	Nil	Nil	Nil
Finance Department Vice President	Republic of China	Wang Suyue	Female	March 2005	368,765	0.02%	0	0%	0	0%	Department of Accounting, Tunghai University Audit Supervisor, Ho Wang Construction Co., Ltd	Nil	Nil	Nil	Nil	Nil
Accounting Department Assistant Vice President	Republic of China	Li Xiutai	Female	April 2018	0	0%	0	0%	0	0%	Department of Accounting, Soochow University Senior Associate Manager, KPMG Taiwan	Nil	Nil	Nil	Nil	Nil
Planning Department Assistant Vice President	Republic of China	Liao Lien-Hui	Male	June 2021	0	0%	1,000	0%	0	0%	Master of Architecture Program, Tamkang University Manager of Planning Department, Highwealth Construction Corp.	Nil	Nil	Nil	Nil	Nil

Sales Department Assistant Vice President	Republic of China	Chen Qiuwei	Male	December 2009	34,765	0%	0	0%	0	0%	Mechanical Engineering Department, Feng Chia University Yuan Fu Advertising Co., Ltd	Nil	Nil	Nil	Nil	Nil
Administration Department Manager	Republic of China	Chen Chun-Yan	Male	June 2021	7,132	0%	0	0%	0	0%	Royal Roads University MBA Director of Asia Pacific Human Resource and Administrative Management Department, Pou Chen Group	Nil	Nil	Nil	Nil	Nil
Kaohsiung Branch Office Assistant Vice President of Planning Department	Republic of China	Song Guozong	Male	Oct. 2003	40,000	0%	0	0%	0	0%	Civil Engineering Division, Nanya Institute of Technology Shi Bangxing Architects	Nil	Nil	Nil	Nil	Nil
Kaohsiung Branch Office Manager of Finance Department	Republic of China	Chen Qiulan	Female	March 2005	60,980	0%	0	0%	0	0%	Taitung Senior Commercial Vocational School Associate Manager, Financial Department, Hon-yuang Construction Co., Ltd.	Nil	Nil	Nil	Nil	Nil
Supervisor of Corporate Governance	Republic of China	Lin Wenlong	Male	Aug. 2019	0	0%	0	0%	0	0%	Department of Business Administration, National Taichung University of Science and Technology. Chairman of Taiwan Cooperative Securities.	Nil	Nil	Nil	Nil	Nil

Note: The number of shares held above is based on the number of shares registered on the transfer date of shareholders as of April 16, 2022; the total number of shares issued is 1,560,385,031 shares.

III. Remuneration of Directors, President, and Vice Presidents in the latest year

(I) Remuneration of Directors and Independent Directors

December 31, 2021 Unit: NTS thousand

Position	Name	Remuneration								Compensation to Directors Also Serving as Company Employees								Sum of A, B, C, D, E, F and G as a percentage of after-tax profit (Note 10)	Compensation from Affiliates Other than Subsidiaries (Note 11)			
		Remuneration (A) Note 2		Pension (B)		Director Remuneration (C) (Note3)		Business Department Implementation Fees for Services Rendered (D)(Note 4)		Sum of A, B, C and D as a percentage of after-tax profit (Note 10)		Salary, Bonuses, and Special Allowances etc (E) (Note 5)		Pension (F)		Employee Compensation (G)(Note6)						
		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements	Cash Amount	Stock Amount			Cash Amount	Stock Amount	The Company
Director	Zheng Qintian																					
Director	Zheng Xiuhui																					
Chairman	Run Ying Investment Co., Ltd. Representative: Zheng Zhilong (Resigned on May 7, 2021) (Note)	5,176	5,176	0	0	11,000	11,000	0	0	0.20%	0.20%	13,008	13,608	0	0	7,350	0	7,350	0	0.46%	0.46%	0
	Run Ying Investment Co., Ltd. Representative: Cao Yuanbo (Appointed on May 7, 2021) (Note)																					

Remuneration bracket table

Remuneration bracket table 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 (Note 9)	All companies included in the financial statements (Note10) (H)	The Company (Note 9)	All companies included in the financial statements (Note 10) (I)
Below NT\$1,000,000				
NT\$1,000,000 (inclusive) ~NT\$2,000,000 (not inclusive)	Zheng Xiuhui and Hong Xiyao Chen Tachun and Li Wencheng	Zheng Xiuhui and Hong Xiyao Chen Tachun	Hong Xiyao and Chen Tachun Li Wencheng	Hong Xiyao and Chen Tachun
NT\$2,000,000 (inclusive) ~NT\$3,500,000 (not inclusive)	Zheng Qintian, Zheng Zhilong and Fan Huajun	Zheng Qintian and Zheng Zhilong Fan Huajun and Li Wencheng	Zheng Zhilong	Zheng Zhilong and Li Wencheng
NT\$3,500,000 (inclusive) ~NT\$5,000,000 (not inclusive)	Cao Yuanbo	Cao Yuanbo	Cao Yuanbo	Cao Yuanbo
NT\$1,000,000 (inclusive) ~NT\$2,000,000 (not inclusive)			Fan Huajun, Zheng Qintian	Fan Huajun, Zheng Qintian
NT\$10,000,000 (inclusive) ~NT\$15,000,000 (not inclusive)			Zheng Qintian	Zheng Qintian
NT\$15,000,000 (inclusive) ~NT\$30,000,000 (not inclusive)				
NT\$30,000,000 (inclusive) ~NT\$50,000,000 (not inclusive)				
NT\$50,000,000 (inclusive) ~NT\$100,000,000 (not inclusive)				
Over NT\$100,000,000				
Total	8 persons	8 persons	8 persons	8 persons

Note 1: The names of Directors should be separately listed (for the juristic-person shareholders, the name and representative of the the juristic-person shareholders shall be listed separately). Furthermore, Directors and Independent Directors shall be listed separately, whilst the payment amount shall be listed in aggregate. Director(s) who holds concurrent position(s) as President or Vice President shall fill in this table and the table below (Table 3) to disclose the remuneration of President and Vice President.

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 Director remuneration distributed by the Board of Directors in the most recent year is included.

Note 4: Refers to incidental expenses for performing duties paid to the Company 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 item include NT\$83 thousand as the cost for directors' vehicles provided by the Company, and NT\$4,097 thousand paid to their drivers and retainues.

Note 6: Refers to Directors (including the President, Vice President, other managers and employees) who are concurrently the Company employees and has received employee compensation (including stocks

and cash) in the most recent year. The amount of compensation paid by the Board of Directors in the most recent year shall be disclosed. 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. Furthermore, the appendix (1-3) should be filled out.

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

Note 8: The total remuneration paid to each Director by the Company shall be disclosed in the remuneration bracket table with the Directors' names in the appropriate remuneration brackets.

Note 9: The total remuneration paid to each Director by all the companies (including the Company) in the consolidated report shall be disclosed in the remuneration bracket table with the Directors' names in the appropriate remuneration brackets.

Note 10: After-tax net profit refers to the net profit for the most recent year; if IFRS has been adopted, the after tax net profit represents the after-tax net profit of the standalone financial statements for the most recent year.

Note 11:

- a. This column should clearly state the amount of remuneration paid to the Company Directors from a company other than a subsidiary or parent company (if no such remuneration has been received, please indicate "Nil").
- b. If a Director receives remuneration from a company other than a subsidiary or parent company, the said remuneration received by the Director shall be integrated into column (I), and the column shall be renamed as "Parent company and all re-investment businesses".
- c. Remuneration refers to salary, remuneration (including as employees, Directors and Supervisors) and incidental expenses for performing duties paid to the Company Directors for serving as Directors, Supervisors, or Managers of a company other than a subsidiary or parent company.

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

(II) Remuneration of president and vice president

December 31, 2021 Unit: NT\$ thousand

Position	Name (note 1)	Salary(A) Note 2		Pension (B)		Bonuses and Special Allowances etc (C) (Note 3)		Employees' Compensation (D) (Note 4)				Sum of A, B, C and D as a percentage of after-tax profit (%) (Note 8)		Compensation from Affiliates Other than Subsidiaries (Note 9)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	Companies in the consolidate d financial statements (Note 5)	The Company		All companies included in the financial statements (Note 6)		The Company	All companies included in the financial statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Fan Huajun	6,684	7,284	0	0	6,881	8,656	4,650	0	4,650	0	0.23%	0.26%	Nil
Development Department Vice President	Liao Zhaoxiong													
Finance Department Vice President	Wang Suyue													
Kaohsiung Branch Vice President	Cao Yuanbo (Note)													

Note: On May 7, 2021, Cao Yuanbo replaced Zheng Zhilong as the new representative of juristic-person Director, Run Ying Investment Co., Ltd. On the same day, the Board elected Cao Yuanbo as the new Chairperson.

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)	All companies included in the financial statements (Note 8) (E)
Below NT\$1,000,000		
NT\$1,000,000 (inclusive) ~NT\$2,000,000 (not inclusive)	Cao Yuanbo	Cao Yuanbo
NT\$2,000,000 (inclusive) ~NT\$3,500,000 (not inclusive)		
NT\$3,500,000 (inclusive) ~NT\$5,000,000 (not inclusive)	Wang Suyue	
NT\$1,000,000 (inclusive) ~NT\$2,000,000 (not inclusive)	Fan Huajun and Liao Zhaoxiong	Fan Huajun, Liao Zhaoxiong and Wang Suyue
NT\$10,000,000 (inclusive) ~NT\$15,000,000 (not inclusive)		
NT\$15,000,000 (inclusive) ~NT\$30,000,000 (not inclusive)		
NT\$30,000,000 (inclusive) ~NT\$50,000,000 (not inclusive)		
NT\$50,000,000 (inclusive) ~NT\$100,000,000 (not inclusive)		
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 disclosed in aggregate. Director(s) who holds concurrent position(s) as President or Vice President shall fill in this table and the table above (1-1), or (1-2-1) and (1-2-2).

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 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. 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.

Note 5: The total amount of various types of remuneration paid by all companies in the consolidated financial statements (including the Company) to the President and Vice presidents of the Company.

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: After-tax profit refers to after-tax profit in standalone 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 or the parent company should be clearly indicated. (if there is none, please indicate as "Nil").
- b. If the President and Vice presidents receive remuneration from the Company's re-invested businesses other than the subsidiaries or the parent company, such remuneration should be incorporated into column D of the Remuneration Tiers Table, and the name of the field should be changed to "Parent company and all re-invested businesses".
- c. Remuneration refers to salary, remuneration (including as employees, Directors and Supervisors) and incidental expenses for performing duties paid to the Company President and Vice Presidents for serving as Directors, Supervisors, or Managers of a company other than a subsidiary or parent company.

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

(III) Managers with Employee Remuneration Distribution

December 31, 2021 Unit: NT\$ thousand

	Title (Note 1)	Name (note 1)	Stock Amount	Cash Amount	Total	Ratio of Total Amount to Net Income (%)
Manager	CEO	Zheng Qintian	-	13,350	13,350	0.17%
	Chairman	Zheng Zhilong ^(Note 5)				
	Chairman	Cao Yuanbo ^(Note 5)				
	President	Fan Huajun				
	Special Assistant to Chairman	Zheng Xiuhui				
	Supervisor of Corporate Governance	Lin Wenlong				
	Development Department Vice President	Liao Zhaoxiong				
	Finance Department Vice President	Wang Suyue				
	Assistant Vice President of Planning Department	Liao Lien-Hui ^(Note 6)				
	Sales Department Associate Manager	Chen Qiuwei				
	Accounting Department Associate Manager	Li Xiutai				
	Manager of Administration Department	Chen Chun-Yan ^(Note 7)				
	Assistant Vice President of Planning Department, Kaohsiung Branch Office	Song Guozong				
	Kaohsiung Branch Finance Department Manager	Chen Qiulan				

Note 1: The names and positions should be disclosed separately. However, the remuneration distributed may be disclosed in aggregate.

Note 2: Refers to the employee compensation (including shares and cash) paid to Managers as resolved by the Board of Directors for 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 IFRS has been adopted, it represents the after-tax net profit of the standalone financial statements for the most recent year.

Note 3: The scope applicable to manager is regulated by a document issued by SFC dated March 27, 2003 with a reference no. of TMOFC III 0920001301. The scope is as follows:

- (1) President or personnel of equivalent level;
- (2) Vice President or personnel of equivalent level;
- (3) Assistant Vice President or personnel of equivalent level;
- (4) Supervisor of Finance Department;
- (5) Supervisor of Accounting Department;
- (6) Other management personnel with authorization limits.

Note 4: Directors, President and Vice Presidents receiving the employee compensation (including shares and cash), are required to fill in this form in addition to attached form 1-2.

Note 5: On May 7, 2021, Cao Yuanbo replaced Zheng Zhilong as the new representative of juristic-person director,

- Run Ying Investment Co., Ltd. On the same day, the Board elected Cao Yuanbo as the new Chairperson.
- Note 6: On June 4, 2021, the former manager in Planning Department, Liao Lien-Hui was promoted to become the Assistant Vice President of the same department.
- Note 7: On June 4, 2021, Chen Chun-Yan who was the former special assistant in the Administration Department, had his position re-adjusted to the manager of Administration Department.

(IV) Respective analysis of remuneration paid to the Directors, Supervisors, President and Vice Presidents by the Company and all the companies in the consolidated statements in the last two years as a percentage of after-tax profit, as well as description of the remuneration policy, standard and composition, and procedures and connection to business performance for establishing remuneration:

Title	2020		2021	
	Total remuneration paid to the Directors, Supervisors, President and Vice Presidents by the Company and all the companies in the consolidated statements as a percentage of after-tax profit		Total remuneration paid to the Directors, Supervisors, President and Vice Presidents by the Company and all the companies in the consolidated statements as a percentage of after-tax profit	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	1.46%	1.55%	0.51%	0.52%
President and Vice President	0.69%	0.78%	0.23%	0.26%

The directors, president and vice president's remuneration is paid under the remuneration committee exercised the care of a good administrator in faithfully performing the official power listed below, and shall submit its recommendations for deliberation by the Board of Directors.

1. Establish and regularly review the policies, systems, standards and structures of the Company's directors and managers for performance evaluation and compensation
2. Evaluate and establish the remuneration of directors and managers.

When performing the official powers of the preceding paragraph, the remuneration committee shall follow the principles listed below:

1. With respect to the performance assessment and remuneration of directors and managers of the Company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.
2. It shall not produce an incentive for the directors or managers to engage in activity to pursue remuneration exceeding the risks that the Company may tolerate.
3. It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ration of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.

"Remuneration" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with that of remuneration for directors and managers as set out in the "Regulations Governing Information to be Published in Annual Reports of Public Companies."

In 2021, the total remuneration paid to the Directors, Supervisors, President and Vice Presidents by the Company and all the companies in the consolidated statements as a percentage of after-tax profit decreased as compared to

2020, mainly due to increase in after-tax profit comparing to the preceding year and causing the percentage to drop. With increase in after-tax profit, the actual disbursement of the aforementioned remuneration for 2021 was still higher than 2020.

IV. Implementation of Corporate Governance

(I) Operation of the board meeting:

In 2021, the Board of Directors convened 13 Board meetings (A) and the attendance of Directors is as follows:

Position	Name (Note 1)	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) [B/A] (Note 2)	Remarks
Chairman	Run Ying Investment Co., Ltd Representative: Zheng Zhilong ^{Note 1}	5	0	100%	Resigned on May 7, 2021
	Run Ying Investment Co., Ltd Representative: Cao Yuanbo ^{Note 1}	8	0	100%	(Appointed on May 7, 2021)
Director	Zheng Qintian	13	0	100%	-
Director	Run Ying Investment Co., Ltd Representative: Fan Huajun	13	0	100%	-
Director	Zheng Xiuhui	13	0	100%	-
Independent Director	Hong Xiyao	13	0	100%	-
Independent Director	Li Wencheng	13	0	100%	-
Independent Director	Chen Tachun	12	1	92%	-

Other items to be recorded:

- 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:
 - Matters listed in the Securities Exchange Act, Article 14-5: Nil.
 - In addition to the aforementioned matters, other matters that have not been approved by the Audit Committee and have been approved by more than two-thirds of all directors: Nil.
- 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:
 - The Board of Directors approved the sale of parking space(s) of the related construction to managerial personnel on March 19, 2021 by resolution. Apart from Director Fan Huajun who recused himself due to conflict of interest, the remaining Directors approved and passed the resolution.
 - On March 19, 2021, the Board of Directors approved the donation to Taichung Highwealth Art



and Culture Foundation by resolution. The item donated comprised shares of Lishuo Investment Co., Ltd. Apart from Zheng Zhilong (Chairperson), Fan Huajun (Director) and Chen Tachun (Independent Director) who recused themselves due to conflict of interest, the remaining four attending Directors approved and passed the resolution.

(3) On November 11, 2021, the Board of Directors approved the donation to Taichung Highwealth Art and Culture Foundation by resolution. The donation amounted to NT\$15,000,000. Apart from Fan Huajun (Director) and Chen Tachun (Independent Director) who recused themselves due to conflict of interest, the remaining five attending Directors approved and passed the resolution.

3. The listed company should disclose the information about the period, duration, range, methods and content of the self (or peer) evaluation of the board of director, and fill the situation of the execution in the following table.

On December 27, 2019, the Board of Directors approved the establishment of “Procedures for Performance Evaluation of the Board of Directors” by resolution. The Company conducts a self or peer evaluation on the Board of Directors and individual Directors every year (since 2020), and reports the performance evaluation results to the Taiwan Stock Exchange Corporation (before the end of the first quarter in the following year). On March 15, 2022, the performance evaluation results of the Board of Directors and functional committees for 2021 had been reported to the Board of Directors. The results showed that the Board was “surpassing standard”, proving the effectiveness of the effort put in by the Company in strengthening the functionality of the Board.

4. The goals for strengthening the board’s function in the current and the previous year (e.g. establishment of an audit committee, promote information transparency), and their implementation. The Company established the Audit Committee to replace the Supervisors and eight meetings had been convened in 2021. The board of director approved to set the head of corporate governance of the Company on March 19, 2019. The Board of Director approved Mr. Lin Wenlong as the newly appointed head of corporate governance on August 13, 2019.

Note 1: On May 7, 2021, Cao Yuanbo replaced Zheng Zhilong as the new representative of juristic-person director, Run Ying Investment Co., Ltd. On the same day, the Board elected Cao Yuanbo as the new Chairperson.

Execution of the performance evaluation of the Board of Directors and functional committees

Period of Evaluation	Duration of Evaluation	Scope of Evaluation	Methods of Evaluation	Content of Evaluation	Result of Evaluation
Once a year (Note)	January 1, 2021 to December 31, 2021	Board of Directors	Board of Directors Self evaluation	(1) The level of involvement to the operation of the Company. (2) The quality of the decision of the Board of Directors. (3) The formation and construction of the Board of Directors. (4) The election and advanced studies of the directors. (5) Internal control	(1) Overall Result: Significantly exceed standards (2) Items for improvement: the member of Board of Directors continuously attending advanced studies courses on corporate governance. (3) Improvement plans: To encourage the directors to attend advanced studies courses
		Individual Board members	Self evaluation of Board members	(1) The control of the goals and missions of the Company. (2) The recognition of the duty and the participant level to the Company. (3) Internal operation and communication.	(1) Overall Result: Significantly exceed standards (2) Items for improvement: Directors continuously enhance with professional knowledge by attending diverse advanced studies

				(4) The specialty and advanced studies of the directors. (5) Internal control	courses in addition to their scope of professional ability. (3) Improvement plan: Encourage the directors take extra advanced studies courses and with more diversity in addition to the amount of hours required annually.
		Functional committee	committee Board members	(1) The level of involvement to the operation of the Company. (2) The recognition of the duty of functional committee. (3) The quality of the decision of functional committee. (4) The formation of the functional committee and the election of the members. (5) Internal control	(1) Overall Result: Exceed standards (2) Items for improvement: Directors continuously enhance with professional knowledge by attending diverse advanced studies courses in addition to their scope of professional ability. (3) Improvement plan: Encourage them to attend extra advanced studies courses with more diversity.

Note: On March 15, 2022, the execution of performance evaluation of the Board of Directors and functional committees for 2021 had been reported to the Board of Directors.

(II) The operation of the audit committee

1. The Company's Audit Committee was established on June 13, 2017, to replace the supervisor system. The Audit Committee consists of all Independent Directors. The tenure is 3 years and the committee members are subject to re-election. One of the committee members shall possess accounting or financial expertise. One of the committee members shall be elected as the convener of the committee. The Audit Committee is empowered by its charter to conduct any review or investigation it deems appropriate to fulfill its responsibilities. It has direct communication avenues with the supervisor of the internal audit, the CPAs and all employees of the Company. Its operation is subject to the Audit Committee Charter.
2. The Audit Committee assists the Board of Directors in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control practices of the Company. The Audit Committee is responsible to review the following major matters: Financial Statements, Internal control systems, Material Assets or derivatives transactions, material lending funds, endorsements or guarantees, matters consists of directors' self-interest, offering or issuance of any equity-type securities, hiring or dismissal of an attesting CPA, or the compensation given thereto, appointment or discharge of financial, accounting, or internal auditing officers and etc.
 - (1) Review and Check of Financial Statements

Annual business report, financial statements and earning distribution proposals of the Company shall be approved by the Audit Committee, and reviewed and discussed by the Board of Directors. After the approval of the Board of Directors, proposed to the shareholders' meeting.
 - (2) Evaluate the Effectiveness of Internal Control System

The self-evaluation results of the internal control system were conducted under routine

by different unit within the Company annually and checked by the audit committee. The audit committee shall check the internal control system with the result of operation; goal of efficiency achieved; reliability, timeliness, transparency of the report; effective enact and implementation in accordance to laws and regulations; and to reasonably ensure the achievement of the goals.

(3) Appointment and Evaluation of CPAs

The Audit Committee shall conduct assessments of CPA professionalism, independence, and reasonableness of audit fees at the end of each fiscal year. The consequence of the assessment of the certified public accountant's service in 2021 has been consult by the Board of Directors and passed on March 19, 2021. Han, Yi-Lian and Jian, Di-Nuan, the accountant of KPMG are in compliance with visa independence and the standard of the competence assessment.

The operation of the audit committee

In 2021, the Audit Committee convened eight (8) meetings (A). The attendance of the Independent Directors is as follows:

Position	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) (B/A) (Note 1 and 2)	Remarks
Independent Director	Hong Xiyao	8	0	100%	Nil
	Li Wencheng	8	0	100%	
	Chen Tachun	7	1	88%	

Other items to be recorded:

- For audit committee meetings that meet any of the following descriptions, state the meeting date, session, the discussed topics, independent directors' opposing or reserved opinions or content on major recommendation, and how the company has responded to such opinions:
 - Matters listed in the Securities Exchange Act, Article 14-5: Nil.
 - In addition to the aforementioned matters, other matters that have not been approved by the Audit Committee and have been approved by more than two-thirds of all directors: Nil.
- Should a director recuse himself or herself from a decision for which he or she has a conflict of interest, the name of the director, contents of the resolution, reasons for recusal, and the results of the vote should be noted; If an independent director has any conflict of interest regarding issues discussed during the meeting that could result in harm to the company's interests, the said director shall recuse himself or herself. If this prevents the Committee from coming to a decision, then the situation shall be reported to the Board of Directors and the Board of Directors will make the final decision on said resolution.

(1) On March 19, 2021, the Audit Committee approved the donation to Taichung Highwealth Art and



Culture Foundation by resolution. The item donated comprised shares of Lishuo Investment Co., Ltd. Apart from Chen Tachun who recused himself due to conflict of interest, the remaining two attending committee members approved and passed the resolution.

(2) On November 11, 2021, the Audit Committee approved the donation to Taichung Highwealth Art and Culture Foundation by resolution. The donation amounted to NT\$15,000,000. Apart from Chen Tachun who recused himself due to conflict of interest, the remaining two attending committee members approved and passed the resolution.

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) To carry out the duty of supervising the operation of the Company, the Independent Directors should demand the Board of Directors or the Manager to submit the related financial report if it is necessary; they communicate extensively with the CPAs pertaining to the financial report. The details of the items and the consequences that communicated by the 2021 Independent Directors, internal auditing officer, and CPAs are on the Company website.

(2) Internal audit supervisor regularly communicate the audit results with Audit Committee and report in the meeting. If there is any special circumstances will also report to the member of Audit Committee immediately, there is no such condition within the year. The communication between Audit Committee and internal audit supervisor works well.

(3) The CPAs of the Company report the result of reviewing financial statement and other communication matters requested by laws and regulations in written or in-person. If there is any special conditions, the CPAs will report to the members of the Audit Committee immediately. There is no such conditions within the year. The communication between the audit committee and the CPAs is well.

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

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y E S	N O		
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 the “Corporate Governance Best Practice Principles” by the approval of the Board of Directors on September 23, 2010 and disclosed on the Company website.	No significant deviation.
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) There are service units, spokesman, and a mailbox in the Company. The Company handle the problem, such as advices or conflicts of the shareholders, according to the internal procedures. There are functions of complains, reports, and suggestions on the Company's website. If the problem involves the law, it will be handled by the legal affairs unit.	No significant deviation.
(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 the stability of the operation rights.	
(3) Does the company establish,	✓		(3) The management authority of	

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y E S	N O		
implement and control the risk control and firewall mechanism between the enterprises?			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	
(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.	
3. Composition and duties of the Board of Directors				No significant deviation.



Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y E S	N O	
(1) Has the board devised and implemented policies and concrete management goals to ensure diversity of its members?	✓		(1) The Board of Directors shall instructs the Company policies and supervise the management. The Board is responsible toward the Company and the Shareholders’ Meeting, with regard to the operation and arrangement of corporate governance systems. The Board shall ensure compliance of regulations and Articles of Incorporation, or exercise its rights in accordance with resolutions passed by Shareholders’ Meeting. The composition of Board members shall incorporate diversification factor. The appropriate diversification policy has been established with regard to the Company's operations, business pattern and development needs. In accordance with the provisions of “Corporate Governance Best Practice Principles”, the Directors shall possess the knowledge, skills and competences for performing their duties. The election of Directors (including Independent Directors) adopts the candidate nomination system (professional knowledge and independence of the Board members): a. Elementary condition and value: Gender, Ages, Nationality, and cultures, and so on. b. Professional knowledge and skills:



Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y E S	N O		
(2) Does the company voluntarily set up other functional committees in addition to the salary remuneration committee and the audit committee?	✓		<p>Professional background (e.g. law, accounting, industry, finance, sales or technology), professional skills and other industry experience, etc.</p> <p>c. Business management and crisis management capabilities, industry knowledge, international market perspective, leadership qualities and decision making capability.</p> <p>d. The current diversity policy and goals of the Board members and the implementation status (Note 1) are disclosed on the Company website.</p>	
(3) Does the company stipulate the performance appraisal methods of the board of directors and their assessment methods, and conduct performance evaluations every year and regularly?	✓		<p>(2) At present, the Company has set up salary compensation committees and audit committees according to law. The Company will be setting up other functional committees in order to comply with the related law and regulations.</p> <p>(3) The Company has established a “Board Performance Evaluation Method” by the approval of the Board of Directors on December 27, 2019, and we will have performance assessment executed by the member of the Board of Directors in the first quarter every year. Moreover, the council unit will evaluate by index of the evaluation and it will be the reference of the director’s payment and nominating</p>	

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y E S	N O		
(4) Does the company regularly assess the independence of the external auditors?	✓		<p>for the next directors.</p> <p>The items of the self evaluation of the member of the Board of Directors and the audit of performance: Participants to the operation, increasing the quality of the decision of the Board of Directors, the formation and construction of the Board of Directors, the elections and advanced studies of Directors, and internal control. The execution of the Board performance evaluation has disclosed on the Company website.</p> <p>(4) The Directors of the Company regularly assess the independence of the independent auditors, and present the consequence to the Board of Directors to consult. The service review results of the independent auditors for 2021 had been ratified by the Board of Directors and Audit Committee on March 15, 2022. Han, Yi-Lian and Jian, Di-Nuan, the independent auditors of KPMG, are found to be compliant with the independence and competence standard (Note 2) of the Company, and thereby qualified to be the independent auditors hereto.</p>	
4. Whether the listing company has set up a corporate governance special (part-time) unit or	✓		The Company set the position of Head of Corporate Governance by the approval on Board of Directors on March 19, 2019, to	No significant deviation.

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y E S	N O	
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.)?			<p>make the corporate governance in practice and improve the efficiency of the Board of Directors. The Board of Directors approved Mr Lin Wenlong as the head of the corporate governance of the Company on the August 13, 2019 to in charge with the matters related to corporate governance. The head of corporate governance Mr. Lin Wenlong has the experience as head for more than 3 years of stock affairs and corporate governance in public companies.</p> <p>The power of corporate governance at least includes holding and preparing agendas for Board of Directors’ meeting and Shareholders’ Meeting; assisting the appointment of Directors and continuous advance studies; providing necessary documents for Directors to executing their business; assisting director to compliance with the laws, regulations and other matters related to Articles of Incorporation and contracts, and etc.</p> <p>2022 operation summary of the head of corporate governance: Taking charge of matters pertaining to the Board of Directors and Shareholders’ Meetings in accordance with the law and regulations, preparing the corresponding meeting minutes, assisting in the continuing education of Directors, providing information to Directors in performance of</p>

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Y E S	N O		
			<p>duties, assisting Directors in legal compliance and conformity to Articles of Incorporation.</p> <p>In 2021, the training of the head of corporate governance amounted to 12 hours (3 hours on “Discussion of Board Functions from the Perspective of Corporate Fraud Prevention”; 3 hours on “Practice of Corporate Merger and Acquisition - Hostile Take Over”; 3 hours on “Analysis of Warning Signs and Types of Corporate Financial Crises”; 3 hours on “Discussion of Board Functions from the Perspective of Corporate Fraud Prevention”).</p>	
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?	✓		<p>The Company has spokesman and the agent of spokesman, its 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.</p>	No significant deviation.
6. Does the company appoint a professional stock agency to handle the affairs of the shareholders' meeting?	✓		<p>The Company has appointed agency department of Capital Securities Corporation to handle the affairs of the shareholders' meeting.</p>	No significant deviation.
7. Information disclosure				No significant

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y E S	N O		
(1) Has the company set up a website to disclose financial and corporate governance information?	✓		(1) The Company has set up the website, collects and disclosed the executing information by the responsible departments. (http://www.highwealth.com.tw).	deviation.
(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 website of the Company is mostly Chinese version, and the collection of the information and the disclosure of significant matters is in charge of the related unit. The Company has spokesman and the agent of spokesman in order to carry out the system of spokesman. If there is a corporate meeting, it will be announced based on the rules, and the relevant financial information will be put on the website.	
(3) Does the Company announce 2 month after the end of the accounting year, declare the financial report, and announce previously and declare the financial report of the first, second, and the third quarter and the monthly operational situation before the date-line?		✓	(3) At present, the Company declares the financial report 3 month after the end of accounting year and declare the financial report of the first, second, and the third quarter and the monthly operational situation. We will assess the possibility of execution depends on the situation of operation in the future.	
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	✓		(1) Employee's rights and interests: the Company adheres to the principle of people foremost and values employees as an important asset of the Company. It has established a complete set of management systems regarding	

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y E S	N O		
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.)?	✓		<p>employees' working environment, education and training, so as to integrate the employees’ personal interests and the Company's interests under the preconditions of employees’ assurance and safety, hoping that employees can make contributions to creating benefits for the Company wholeheartedly. To care for the retirement lives of employees, the Company has appropriated pension from the employee salary to their individual accounts at Bureau of Labor Insurance, and established the Staff Benefit Committee to ensure employee rights and interests. On April 6, 2022, the Company established “Human Rights Policy and Workplace Code of Conduct” to protect employee rights and interests and promote sustainability development of the Company.</p> <p>(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.</p> <p>(3) Investor Relations: the Company adheres to the spirit of excellence, technology, integrity and quality, and operates in a proper manner, so as to maximize interests for the investors</p>	<p>No significant deviation.</p> <p>No significant deviation.</p>



Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y E S	N O		
			and increase the return rate of shareholders' equity. The Company's website has a special area for investors, which provides sufficient information for investors' reference.	
	✓		(4) Supplier relationship: The Company keeps good relations with suppliers and ensures stable contract implantation.	
	✓		(5) Rights and interests of interested parties: The Company has set “The stakeholder Zone” to handle problems and suggestion of the stakeholders, and they can have response efficiently to maintain the legal right they deserve.	
	✓		(6) Training for the directors and supervisors: The Company has communicated with the Directors (including the Independent Directors) and encouraged them to participate in continuing education to perform their duties.	
	✓		(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	

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y E S	N O		
	✓		draws up its annual audit plan in accordance with the risk assessment results to implement the monitoring mechanism and risk management.	
	✓		(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.	
		✓	(9) Liability insurance purchased for Directors and Supervisors: The Company has purchased the “director liability insurance” of US\$5 million from Cathay Century Insurance. The insured period was between June 30, 2021 and June 30, 2022 and the purchase had been reported to the Board of Directors on May 7, 2021.	
<p>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).</p> <p>The Company has completed the corporate governance self-assessment report for 2021. For indicators that have not met targets, the Company have established improvement goals and duration to promote measures for corporate governance, in hopes of improving the scoring of corporate governance.</p> <p>(1) Items improved:</p> <p>a. The Company has established management policies of energy conservation, carbon and greenhouse gas reduction, reduction of water use and other waste treatment. The policies are</p>				



Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y E S	N O		
			disclosed on the Company website.	
			b. The Company has established risk management policies and procedure approved by the Board of Directors by resolution. The scope of risk management, organization chart and operation status are disclosed and reported to the Board for at least once a year.	
			c. The Company has established a designated (or concurrent) unit to promote corporate social responsibility. The unit undertakes the risk assessment on environmental, social and corporate governance issues related to the business operation of the Company based on materiality principle, and established the corresponding risk management policies and strategies.	
			d. The Company will try to declare the important message in English simultaneously before the deadline.	
			(2) Priority to enhance according to items that have not been improved: In the future, the Company shall disclose the total yearly greenhouse emission, water use and waste generated for the preceding two years.	

Note1: For strengthening the management of the Company and promoting the formation and construction of the Board of Directors to develop well, the formation of the Board of Directors should consider the requests, such as business' developing direction of the management structure and future trend of development, and assess multiple aspect. The current Board of Directors consists of seven Directors (including three Independent Directors) who have valuable experiences and expertise in finance, business, and management. Furthermore, the Company pays attention to the gender equality of the Board members. Currently, with seven Directors, there is one female Director. The Company aims to increase one more female Director in the future. The implementation status is as follows:

1. Diversification policy and goals of the Board of Directors

The Company promotes and respects the diversification policy of Directors. To strengthen the corporate governance and enhance a healthy development of composition and structure of the Board, the Company believes that the diversification policy shall be helpful in increasing the overall performance of the Company. The election of Board members is based on the principle of meritocracy, whereby the members shall possess diverse and cross-industrial competences that complement one another, including basic composition (e.g. age, gender, nationality, etc.), as well as relevant industry experience and skills (e.g. construction and engineering industry, financial and accounting, legal etc.), and operating, business management, leadership and crisis management capabilities. Depending on the operational development scale and the shareholding of major shareholders, as well as weighing in the practical needs of operation, the structural goal of the Board should comprise more than five Board members, of which

three members are Independent Directors, at least one member is female Director, at least one member has legal expertise, more than 33% are Directors with sales expertise, more than 33% are Directors with financial and accounting expertise, and more than 50% are Directors with industrial backgrounds.

To strengthen the functionality of the Board of Directors so as to achieve the goals of corporate governance, the Corporate Governance Guidelines, Article 20 provides that the overall Board of Directors shall possess the following capabilities:

- (1) Basic criteria and values: Gender, age, nationality and culture, etc.
 - (2) Professional knowledge and techniques: professional background. (such as law, accounting, industry, financial, sales or technology), professional competences, and other industry experiences.
 - (3) Business management capability.
 - (4) Crisis management capability.
 - (5) Industry knowledge.
 - (6) Global market perspective.
 - (7) Leadership quality.
 - (8) Decision making capability.
2. The practice of the diversity of the member in the Board of Directors (June 10, 2020 ~ June 09, 2023):

Position	Name	Nationality	Formation			
			Gender	Concurrent employment position in the Company	Age	Seniority of Independent Director
Juristic Person Chairman Representative	Cao Yuanbo	Republic of China	Male	V	>50	
Juristic Person Director Representative	Fan Huajun	Republic of China	Male	V	>50	
Director	Zheng Qintian	Republic of China	Male	V	>50	
Director	Zheng Xiuhui	Republic of China	Female	V	>50	
Independent Director	Hong Xiyao	Republic of China	Male		>50	> 3
Independent Director	Li Wencheng	Republic of China	Male		>50	> 3
Independent Director	Chen Tachun	Republic of China	Male		>50	< 3

Position	Name	Experience in industry/ Specialty									
		Financial and Accounting	Legal Practice	Marketing	Operational Decision Making	Business Management	Crisis Management	Industry Knowledge	International Perspective of Global Market	Leadership Capability	Decision Making Capability
Juristic-person Chairman Representative	Cao Yuanbo	√		√	√	√	√	√	√	√	√
Juristic Person Director Representative	Fan Huajun	√		√	√	√	√	√	√	√	√
Director	Zheng Qintian	√		√	√	√	√	√	√	√	√
Director	Zheng Xiuhui	√		√	√	√	√	√	√	√	√
Independent Director	Hong Xiyao	√		√	√	√	√	√	√	√	√
Independent Director	Li Wencheng		√		√	√	√	√	√	√	√
Independent Director	Chen Tachun			√	√	√	√	√	√	√	√

Note 2: The important assessment index of the independency and qualification of the Certified Public Accountants in 2021 as follows:

Highwealth Construction Corporation
Assessment Form of the Independency and Qualification of the Certified Public Accountants in 2021

1. Assessment description: According to Article 29 of “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, listed companies should choose the certified public accountants with specialty, responsibility, and independency. The Company should assess the independency of certified public accountants employed regularly (at least one time a year).
2. Assessment target:

Name of Accountant:	Accountant Han, Yi-Lian JIAN, DI-NUAN	Name of Accounting firm:	KPMG Taiwan
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◎ Content of assessment: Established in accordance with Certified Public Accountant Act, Article 47 and the Norm of Professional Ethics for Certified Public Accountant 10.

Item	Assessment Index	The evaluation shows qualified Independence Criteria	
		YES	NO
1	As of the latest certification, there is no such case as non-replacement for seven years.	✓	
2	No relationship of stakeholder about property with clients.	✓	
3	Avoid inappropriate relationship with clients.	✓	
4	Accountants should have their assistants honest, justice, and independent.	✓	
5	Do not audit the financial report of the service that accountant serve within two years.	✓	
6	The accountant nominal can not be used by others.	✓	
7	Do not have shares of the Company and its related business.	✓	
8	Do not have affair of money lending with the Company and its related business.	✓	
9	Do not have relationship of joint investment or shared interest with the Company and its related business.	✓	
10	Do not have part-time jobs in the Company and its related business.	✓	
11	Do not involve with the competency of decision in the Company and its related business.	✓	
12	Do not have other business that could lose their independency.	✓	
13	Do not have relationship within couple, lineal relative, lineal relative by marriage, or second-degree relatives with the management officers in the Company.	✓	
14	Do not receive any commissions related to the business.	✓	
15	So far, do not have punishment and affairs damage the principle of independency.	✓	

◎ Performance and plans of works

1. Completed the financial and taxation attestation for 2021 as scheduled.
2. Provided financial and taxation assurance services from time to time.

◎ Result of assessment

After the assessment, the certified public accountants the Company appoints all do not have cases described above. We can make sure that the certified public accountants are correspond with the rules of independency, and the financial reports written by them can be trust.

(IV) The operation of the Remuneration Committee

1. Remuneration Committee Member Information

April 16, 2022

Position (Note 1)	Name	Professional qualification and experience (Note 2)	Independence Status (Note 3)	No. of other listed companies working as remuneration committee member of
1. Independent Director 2. Convener 3. Work experience of more than six (6) years	Li Wencheng	1. Central Police University 2. Division-Chief Judge, Taiwan High Court President of Hualien Local Court President of Taitung Local Court President of Penghu Local Court	1. The Director, the Director's spouse, or relative(s) within the second degree of kinship has not assumed positions as a Director, Supervisor or employee of the Company or its affiliated companies. 2. The Director, the Director's spouse, or relative(s) within the second degree of kinship owns 22,000 shares of the Company (0.001%). 3. Run Long Construction Co., Ltd. Independent Director of the Company. 4. In the most recent two years, no services in commercial, law, finance, or accounting has been provided to the Company or its affiliated companies.	2

<p>1. Independent Director</p> <p>2. Work experience of more than two (2) years</p>	<p>Hong Xiyao</p>	<p>1. MBA, Barrington University, USA</p> <p>2. Chairperson of Taiyen Biotech Co., Ltd. and CEO of National Development Fund</p>	<p>1. The Director, the Director's spouse, or relative(s) within the second degree of kinship has not assumed positions as a Director, Supervisor or employee of the Company or its affiliated companies, or owned any shares of the Company.</p> <p>2. Has not assumed positions as a Director, Supervisor or employee of company(ies) in specified relationship with the Company.</p> <p>3. In the most recent two years, no services in commercial, law, finance, or accounting has been provided to the Company or its affiliated companies.</p>	<p>0</p>
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<p>1. Others</p> <p>2. Work experience of more than six (6) years</p>	<p>Cai Chi- chan</p>	<p>1. Managing director of Hong Li Law Firm</p> <p>2. Independent conciliator of Labor Affairs Bureau of Taichung City Government</p>	<p>1. The Director, the Director's spouse, or relative(s) within the second degree of kinship has not assumed positions as a Director, Supervisor or employee of the Company or its affiliated companies, or owned any shares of the Company.</p> <p>2. Has not assumed positions as a Director, Supervisor or employee of company(ies) in specified relationship with the Company.</p> <p>3. In the most recent two years, no services in commercial, law, finance, or accounting has been provided to the Company or its affiliated companies.</p>	<p>1</p>
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2. Remuneration Committee Operation Status

- (1) The Remuneration Committee of the Company was established by the approval of the Board of Directors on December 19, 2011.
- (2) The Remuneration Committee comprises three members. The current term started on June 10, 2020 and ends on June 9, 2023.

For 2021, the Remuneration Committee convened three (3) meetings (A), and the member attendance is as follows:

Position	Name	Attendance in Person (B)	By proxy	Attendance in Person Rate (%) (B/A) (Note 1)	Remarks
Convener (Independent Directors)	Li Wencheng	3	0	100%	Nil
Member (Independent Directors)	Hong Xiyao	3	0	100%	
Member	Cai Chi-chan	3	0	100%	

Other items 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.

Notes1:

- (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.

(V) Implementation of sustainable development, and deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Item of promotion	Execution		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	YES	NO		
1. Does the company promote sustainable development governance framework and have a unit that specializes (or is involved) in sustainable development? Is the sustainable development unit run by senior management authorized by the board of directors? How is the supervisory status of the board?	✓		<p>(1) By upholding integrity principle and sustainable development, as well as the materiality principle, as the core values of corporate governance, on August 1, 2017, the Board of Directors established and implemented the Corporate Social Responsibility (CSR) Best Practice Principles by resolution. On March 15, 2022, the CSR Best Practice Principles were amended to Sustainable Development Best Practice Principles to provide for CSR and the governance framework of sustainable development promotion.</p> <p>(2) Currently, the Company has assigned the Administration Department and Department of Planning as the designated (concurrent) unit for the promotion and incorporation of sustainable development in the business strategies of the Company. This is to implement sustainable development in a purposeful, systematic and organized manner. Various departments proactively promote assessment and planning of ESG practice. The Administration</p>	No significant deviation.



Item of promotion	Execution		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Y E S	N O		
			<p>Department is tasked with communicating and collaborating matters of different issues, and for at least once a year, reports the execution status to the Board. On December 27, 2021, the Administration Department had reported the promotion plan and implementation results to the Board of Directors.</p> <p>(3) To fulfil its CSR and uphold sustainable development, the Company has disclosed the risk assessment of the environmental, social and corporate governance issues in the report and on the Company website. By reviewing the execution results on different aspects which serve as follow-up review and improvement, the Board shall continue to implement CSR and sustainable development, and strengthen the establishment of relevant management strategies in the future so as to realize the vision in these regards.</p>	
2. Has the company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management	✓		By the resolution of the Board, the Company has established the Sustainable Development Best Practice Principles. Every year, based on the materiality principle, various departments shall formulate	No significant deviation.

Item of promotion	Execution		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	YES	NO		
policies or strategies based on materiality principle?			countermeasures (for details, please see the Risk Control section of CSR Report) to mitigate the business operation risks (market development, construction of products, financial investments, product design, customer information protection, climate change, etc.). The Company shall pay attention to environmental, social and corporate governance issues, e.g. risk assessment disclosure on legal compliance, human rights, community contribution, etc. Various departments shall implement the assessment and establishment of the relevant risk policies based on respective duties.	



Item of promotion	Execution		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Y S	N O		
<p>3. Environmental Issue</p> <p>(1) Has the company developed an appropriate environmental management system, given its distinctive characteristics?</p>	✓		<p>(1) The Company pays close attention to environmental protection, which is an important global issue nowadays. The Company recognizes the importance of environmental protection, resource preservation and global warming issues, and therefore implements energy, electricity and water conservation measures in its operation. The waste treatment of various construction sites are commissioned to professional and lawful companies providing disposal services to undertake waste recycling and treatment for the benefit of environmental protection. In terms of product design, the Company formulates planning for green building projects in accordance with 2015 Green Building Evaluation Manuals published by the Ministry of the Interior (MOI). Upon using quantification standard to examine green buildings, the Company has managed to applied for Green Building Label successfully (for details, please the CSR Report).</p>	No significant deviation.
<p>(2) Is the company committed to enhancing efficient use of</p>	✓		<p>(2) Office: Implement paper re-use and retain</p>	



Item of promotion	Execution		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Y E S	N O		
energy resources, and using reusable materials that produce less impact on the environment?			<p>cabinets, glasses, curtains, doors and windows when moving to new office.</p> <p>Use energy conserving LED lighting and equipment with water conservation certification. Switch off lighting not in use frequently, set air conditioning to 27 degree Celsius and other energy conservation measures in the office.</p> <p>Product design: The Company formulates planning for green building projects in accordance with 2015 Green Building Evaluation Manuals published by the Ministry of the Interior (MOI). Upon using quantification standard to examine green buildings, the Company has managed to applied for Green Building Label successfully (for details, please the CSR Report).</p> <p>For the waste water generated in the construction sites, after preliminary and further precipitation treatment, the water is disposed to sewage designated by the government. Furthermore, the Company controls construction period to reduce construction material use, selects</p>	No significant deviation.



Item of promotion	Execution		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Y E S	N O		
(3) Does the company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	✓		<p>appropriate reclaimed material and undertakes separate treatment for construction waste from general waste to implement waste sorting and recycling measures.</p> <p>(3) The Company has set a CSR report to assess the potential risk and changes in the future caused by climate change, and keep advocate the importance of the policy of energy saving, react to the effect of climate issue to the Company.</p> <p>Via BIM and aluminum template technology, the construction quality is effectively enhanced, construction schedule is shortened, and environmental resource and energy use reduced. Furthermore, with the incorporation of green building conception into building design, the increase in green space is able to increase the self-cleansing function of the city, thus filtering out pollutants in cities.</p> <p>As the trend of focusing on climate change gaining momentum, the adoption of advanced technology and green building shall be beneficial in enhancing business performance</p>	



Item of promotion	Execution		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Y S	N O		
(4) Does the company maintain statistics on greenhouse gas emission, water usage, and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste?	✓		<p>and corporate branding.</p> <p>(4) The Company dedicated in the measures of energy saving and carbon reduction. Taking the effect of climate change as a consideration, the Company has promoted non-paper system, lights out in lunch time, adjusting the temperature of indoor air conditioning flexibly, and regular maintenance of air conditioning. The Company will disclose the emission of greenhouse gas, water consumption, and the amount of waste in the CSR report. The Company will keep promoting the policy of energy saving, and take lowering the emission of carbon 1% than last year as a goal, to reach the goal of greenhouse gas reduction and sustainable development.</p> <p>For the description and policies on greenhouse gas emission, water use and waste treatment, please see the CSR Report of the Company.</p>	
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international	✓		(1) The Company has established “Human Rights Policy and Workplace Code of Conduct” to protect employee rights and interests, promote sustainability	No significant deviation.



Item of promotion	Execution		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	YES	NO		
human rights conventions?			development, fulfil its CSR, ensure the basic human rights of all employees, and support and conform to international human rights standards and principles, e.g. Universal Declaration of Human Rights, as well as closely observing Taiwan labor laws so as to forestall any violation of human rights. The Company's human rights policy applied to all of the unit within the Company, treating employees, customers, suppliers and others with dignity, and provide sufficient educational training to the following content to improve and adjust the management related to the human right issue continuously. The Company focus on the following human right issues: Forbidding From the Use of Child Laborers, Forbidding Forced or Compulsory Labor, Freedom of Religious beliefs, Freedom of association, Against discrimination, bullying and harassment and providing safety, hygiene and healthy working environment.	No significant deviation.
(2) Does the company set up and practice the measures of employees' welfare (including payment, vacation, and	✓		(2) The Company has a reasonable measure of employees' welfare. The policy of payment, vacation, and other welfares are formulate	

Item of promotion	Execution		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Y S	N O		
others), and adjust the payment according to the performance of the operation?			in the policy, and the payment will be adjusted as a reward due to the performance of operations. The Company has established an employee complaint mechanism and pipeline, and properly handled relevant appeal cases.	No significant deviation.
(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) The Company provides staffs a safe and healthy work place. There is an central air conditioning system, lighting equipment, work place that good for eyes and ears, Evacuation Route and emergency lifesaving instant exit, regular maintenance for elevator, fire protection equipment, regular sanitizing work place, water testing, and entry control. Other protections are related to labors are according to labor law and welfare protection rules in the Company. There are annual medical examination for the employees, regular test for the work place environment, education of safe and health for employees. The rules about labor's safety and health have been sent to the employees' email.	
(4) Whether an effective career development training project is available for employees or	✓		(4) Relevant internal and external professional education and training are offered to fulfill	



Item of promotion	Execution		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Y S	N O		
not?			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) Whether the health and security of the customers, privacy of the clients, and marketing and indication are following the rules, and related consumer and customer protection policies and grievance procedures are available by the company?	✓		(5) 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.	
(6) Has the company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health, or work rights/human rights issues, and tracked suppliers' performance on a regular basis?	✓		(6) Suppliers are required to submit qualified raw materials, and whether suppliers have historically affected environmental and social records or not is also assessed. The suppliers should obey the rules, such as occupational safety and health act, the safety and health of labor in job site, and restriction of illegal labors, to protect the right of labors and stay honest. The will be strict rules in the contract between the Company and the supplier. If there is any situation that the suppliers disobey the rule, we can call of the contract or	

Item of promotion	Execution		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Y E S	N O		
			discharge cooperative relationship immediately.	
5. Does the company prepare sustainable development report or any report of non-financial information based on international reporting standards or guidelines? Are the report confirm and guarantee by third testing unit?	✓		The Company's CSR report that disclose information not about finance is according to international principle or instruction of report editing. Through the CSR report, it enhances the reliability of information about stakeholders. The trend of domestic and international CSR reports will be the standard for the certification Agency.	No significant deviation.
<p>6. If the company has established sustainable development principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles:</p> <p>The Company has established the Sustainable Development Best Practice Principles and designated the Administration Department as the concurrent unit taking charge. The Department of Planning shall assist in preparing the Sustainability Development Report and different departments shall, based on their respective duties, promote the evaluation and planning of ESG promotion. Matters pertaining to various issues shall be communicated and collaborated between the departments, so that the Company is able to review the existing performance and formulate plans for the future in a holistic manner. Overall, no significant deviation.</p> <p>7. Other information useful to the understanding of sustainable development promotion:</p> <p>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.</p> <p>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.</p> <p>3. Social contribution, social service, social welfare: Apart from being committed to the</p>				

Item of promotion	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Y E S	N O	Summary description	

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. In 2021, various donor activities were held consistently as follows:

Unit: NT\$ Dollar

Donation receiving party	Amount
Social Welfare	
Chinese Taipei Football Association	3,000,000
Taichung Highwealth Art and Culture Foundation	472,500
Taipei Kuanyin-Line Psychological and Social Service Association	300,000
Greater Taichung Medical Association	100,000
Donation to Department of Sports, Taipei City Government for 2021 City Baseball Competition	92,000
Chen Ming-Hsiung Dream Education Foundation	60,000
Tainan Municipal Anping District Yizai Elementary School	50,000
Taipei Municipal Minzu Junior High School	50,000
Tabernacle Women's Choir	50,000
Muller Chamber Choir	50,000
Taichung Ci-Xin Charity	48,320
Taipei City Elderly Service Association	20,000
Legislative Assistants Union of Taipei City	20,000
Bangqiao Qiong Zi Charity Association	20,000
Taichung Medical Clinics Association	15,000
St. Joseph Technical High School	12,000
Legislative Assistants Union of Taipei City	10,000
Andrew Charity Association	1,050
Religious Group	
Tongfa Temple	1,350,000
Chih-Fu Temple	2,000
Hsiatayou Futeye Temple	2,000
Sanfung Temple	10,000
Yuhuang Temple	6,666

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



Item of promotion	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Y S	N O	Summary description	
			<p>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.</p> <p>5. Human rights, safety and health: To care for the retirement lives of employees, the Company has appropriated pension from the employee salary to their individual accounts at Bureau of Labor Insurance based on the new pension system, in hopes of assisting employees in securing a worry-free retirement life. The Company has also established the Staff Benefit Committee to ensure employee rights and interests. Safety and health technical staff, operational supervisors or construction safety evaluation personnel are designated to provide safe and healthy workplace. Regular trainings are also provided for them. The Company has established “Human Rights Policy and Workplace Code of Conduct” to protect employee rights and interests, promote sustainability development, fulfil its CSR, ensure the basic human rights of all employees, and support and conform to international human rights standards and principles.</p> <p>6. Issues, communication channel, and way of replying that stakeholders pay attention to: The Company takes the stakeholders seriously. For understanding their thoughts and making good communication, the Company divides the stakeholders into eight communities: employees, investors, clients, suppliers, governance, social media, community, and society. The Company communicates with stakeholders through many channels. The information's have been disclosed in the Company website. (https://www.highwealth.com.tw) On December 27, 2021, the Company had reported the communication status with stakeholders to the Board of Directors.</p>	



(VI) Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies

Evaluation Item	Implementation Status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO	Summary description	
<p>1. Establishment of ethical corporate management policies and solutions</p> <p>(1) Has the company established a set of board-approved ethical corporate management policy, and stated in its regulations or external correspondences about the ethical corporate management policy and practices it implements? Are the board of directors and the senior management committed to fulfilling this commitment?</p>	✓		<p>(1) The Company has established Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct by resolution of Board of Directors. Reviews and amendments are conducted regularly in accordance with the law and regulations. On October 26, 2021, internal audit personnel attended external training courses, “Change in Practice of Materiality Standard for Financial Statements Misrepresentation and Identification of Director and Supervisor Duties” and “Legal Liability of Corporate Fraud and Practice of Investigation and Trial”. On October 22, 2021, internal training was conducted and external experts from law firm held teleconferencing training for northern, central and southern Taiwan on ethical management training, “Legal Liability and Case Study of Insider Trading”.</p>	<p>No significant variances</p> <p>No significant variances</p>



Evaluation Item	Implementation Status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO	Summary description	
(2) Has the company developed assessment mechanism for risks of unethical conduct? Does the company perform regular analyses and assessments on business activities that are prone to higher risk of misconduct, and implement preventions against dishonest conducts that include at least the measures mentioned in "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", Article 7, Paragraph 2?	✓		(2) The Company has established "Ethical Corporate Management Best Practice Principles". Furthermore, "Code of Ethical Conduct" and "Regulations Governing Human Resource Management" clearly provide the code of conduct for all employees. The Company also performs regular analyses and assessments on business activities that are prone to higher risk of misconduct, and requires all employees to commit to regulatory and ethical compliance, so as to protect company assets, interests and image.	
(3) Has the company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	✓		(3) The Company has established "Code of Ethical Conduct", "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". The Company also complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act and regulations applicable to public firms to provide for disciplinary actions for violations and establish a complaint system so as to uphold	

Evaluation Item	Implementation Status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO	Summary description	
			the basic principles of ethical corporate management. The necessity to make amendments to the aforementioned law and regulations shall be reviewed depending on circumstances. The implementation of compliance is disclosed on the Company website.	
<p>2. Implementation of integrity management</p> <p>(1) Does the company evaluate the integrity record of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(2) Does the company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress regarding implementation of business integrity policy and prevention against dishonest conducts to the board of directors on a regular basis (at least once a year)?</p>	<p>✓</p> <p>✓</p>		<p>(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.</p> <p>(2) The Company except establishing the audit unit belongs to the Board of Directors and assign the management department and legal affairs department to in charge CSR and evaluating whether the Company had disobeyed the CSR. According to the Ethical Corporate Management Best Practice Principles and the relevant regulations, the Company shall review the implementation of compliance, and interpretation and consultation services of various departments. Furthermore, the</p>	No significant variances

Evaluation Item	Implementation Status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO	Summary description	
(3) Does the company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests and take actions accordingly?	✓		<p>Company reports to the Board of Directors and conducts ethical corporate management training every year. On October 26, 2021, internal audit personnel attended external training courses, “Change in Practice of Materiality Standard for Financial Statements Misrepresentation and Identification of Director and Supervisor Duties” and “Legal Liability of Corporate Fraud and Practice of Investigation and Trial”. On October 22, 2021, internal training was conducted and external experts from law firm held teleconferencing training for northern, central and southern Taiwan on ethical management training, “Legal Liability and Case Study of Insider Trading”.</p> <p>On November 11, 2021, the Company had reported the promotion of ethical corporate management to the Board of Directors.</p> <p>(3) The "Rules and Procedures of the Board of Directors Meetings" of the Company has a recusal system to tackle conflict of interest for the Directors. Directors or the juristic person(s) represented by Directors who have conflict of interest in the</p>	No significant deviation.

Evaluation Item	Implementation Status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO	Summary description	
(4) Has the company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against unethical conduct?	✓		<p>resolutions listed shall explain the material content of the conflict of interest to the Board of Directors. For example, if it is harmful to the interests of the Company, they shall not participate in the discussion and voting, and shall recuse themselves from the discussion and voting. Furthermore, they shall not act as an agent to exercise the voting rights on behalf of other Directors. The Board of Directors and the management should be actively implemented and implemented in internal management and external business activities.</p> <p>(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 internal audit supervisor attend the Board of Directors meeting and Audit Committee meeting regularly, and</p>	



Evaluation Item	Implementation Status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO	Summary description	
(5) Does the company organize internal or external training on a regular basis to maintain business integrity?	✓		report on the operation of auditing. (5) The Company disseminating in the internal supervisors and cross-department meeting and invites law firms for webinar on Ethical Corporate Management and Insider trading, to let the employees understand the concept and regulations on ethical corporate management and its importance.	
3. The operation status of reporting system. (1) Does the company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	✓		(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.	No significant deviation.
(2) Has the company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?	✓		(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	

Evaluation Item	Implementation Status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO	Summary description	
(3) Does the company have appropriate measures in place to protect whistleblowers from retaliation?	✓		<p>confidential.</p> <p>(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.</p>	
4. Strengthening of Information Disclosure: Has the company disclosed its ethical corporate management principles and progress onto its website and MOPS?	✓		The Company has established a website, annual report and an external mailbox to disclose the implementation status of its ethical corporate management policy. The information disclosure and reporting pipeline remains operational. To obtain information disclosed to the competent authority or the public that is complete, appropriate, accurate and timely, please see MOPS and the Company website.	No significant deviation.
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 the Corporate Governance Best Practice Principles (including "Procedures for Ethical Management and Guidelines for Conduct"). The Company has no significant deviation by implementation of the complete internal control system and various guidelines, and with the regular review on it.				
6. Other important information that helps to understand the company's integrity management operation (such as the company's 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				

Evaluation Item	Implementation Status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO	Summary description	
<p>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.</p>				

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

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 “Stakeholders – Information of 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:

1. For the related principles and guidelines, please check in the “Related information on Corporate Governance” under “Corporate Governance Zone” in “Stakeholders” from the Company website (<https://www.highwealth.com.tw>).
2. Go to the public information observatory (<http://mops.twse.com.tw>). 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.

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

1. The Company established remuneration committee, audit committee and other functional committee and appointed Mr. Lin Wenlong as the head of corporate governance by the approval of the Board of Directors to executing powers completely with the Board of Directors.
2. For the amendment for law compliance and consider the change in environment of the Company. The Company’s principles and guidelines shall be amended in time as the criterion for behaviors of directors, managers and employees. The Company’s website shall establish the corporate governance zone in the Company’s website to disclose the related management procedure. With the concept of corporate sustainability management, the Company shall complete the corporate governance operating in all aspects of organizational structure, regulations and system, implementations and review.

3. Training situation of directors of the Company and its subsidiaries

Company Name	Position	Name	Date of further training	Held by	Training Program	Duration (hour)
Highwealth Construction	Independent Director	Hong Xiyao	April 16, 2021	Taiwan Corporate Governance Association	Two Insurances of Corporate Governance - Information Security and Insurances	3
			April 27, 2021	Taiwan Corporate Governance Association	Establishment and Operation of Audit Committee	3
	Independent Director	Li Wencheng	May 7, 2021	Taiwan Corporate Governance Association	Advanced Practice of Audit Committee - Review of Merger and Acquisition, and Director Responsibilities	3
			October 27, 2021	Securities and Futures Institute	2021 Seminar for Legal Compliance of Insider Ownership Transaction	3
	Independent Director	Chen Tachun	March 10, 2021	Securities and Futures Institute	Corporate Governance from the Perspective of Prosecutors 3.0	3
			August 27, 2021	Securities and Futures Institute	Case Study Analysis - Breach of Duty Conviction against Director and Supervisor	3
RUN LONG Construction	Independent Director	Chen Yung-Chang	August 30, 2021	Taiwan Corporate Governance Association	Standard of Fiduciary Duty of Director and Commercial Judgment	3
			October 18, 2021	Taipei Exchange	Seminar for Insider Ownership Transaction of Public Listed Firms	3
	Independent Director	Yan Yunqi	December 7, 2021	Cathay Financial Holding Co. Ltd.	2021 Cathay for Sustainable Finance and Climate Change Summit	6
	Independent Director	Li Wencheng	May 7, 2021	Taiwan Corporate Governance Association	Review of Merger and Acquisition, and Director Responsibilities	3
			October 27, 2021	Securities & Futures Institute	2021 Seminar for Legal Compliance of Insider Ownership Transaction	3

(IX) Implementation of the internal control system**1. Internal Control Statement****Highwealth Construction Corporation****Internal Control Statement**

March 15, 2022

The internal control system for 2021, according to the results of self-assessment are 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, 2021, 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 15, 2022, and those seven Directors in presence all agree on the contents of this statement.

Highwealth Construction Corporation



Chairman: Cao Yuanbo

signature



President: Fan Huajun

signature





2. 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.

(X) 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.

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

1. 2021 Significant resolution made by the shareholder's annual meeting and its implementation

Date/Session	Meeting Record Contents		Special Items
	Items	Execution	
August 13, 2021 2021 Annual Shareholders' Meeting	(1) Ratification of 2020 Business Report and Financial Statements.	(1)The related forms and books are register to the competent authorities for reference in accordance of the Company Act and related laws and Regulations	Nil
	(2) Resolution passed for earning distribution of 2020.	(2)The resolution passed for earning distribution of 2020 approved for the appropriation of cash dividend of NT\$2 per share, which had been disbursed on October 29, 2021 subsequent to resolution passed in Shareholders' Meeting(Ex-rights (ex-dividend) record date:2021/10/02).	
	(3) Resolution passed for amendments to partial articles of the "Rules and Procedures for Shareholders' Meetings."	(3)The rules and procedures have been adopted and disclosed on MOPS and the Company website.	
	(4) Proposal of amendments to partial articles of "Procedures for Election of Directors."	(4)The procedures have been adopted and disclosed on MOPS and the Company website.	

2. Important resolutions of the Board of Directors for 2021 up until the publication date of the annual report.

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
January 11, 2021 2021 session 1	(1) Proposal for investment in additional land in Huishun section, Xitun District, Taichung city.	(1) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters regarding contract signing.	Nil
February 24, 2021 2021 Session 2	(1) Proposal for investment in additional land in Xitun section, Xitun District, Taichung city. (2) Proposal for applying for credit facility from financial institutions.	(1) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters. (2) The resolution was passed by all the attending Directors unanimously.	Nil
March 19, 2021 2021 Session 3	(1) Discussion on the Company's "Evaluation of Internal Control System Effectiveness" and "Internal Control System Statement" for 2020. (2) Discussion on the Company's 2020 annual employee compensation and the amount of directors' remuneration and the method of issuance. (3) Discussion on annual business report and financial statements for 2020. (4) Proposal for the independence assessment of certified public accountants for 2020. (5) Proposal for earnings distribution of 2020. (6) Amendments to partial articles of the "Rules and Procedures for Shareholders' Meetings". (7) Amendments to partial articles of "Procedures for Election of Directors." (8) Amendments to partial articles of "Rules and Procedures of the Board of Directors Meetings."	(1) The resolution was passed by all the attending Directors unanimously. The case was passed by all the attending directors unanimously and submitted to report at shareholders meeting. (2) 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 (3) The resolution was passed by all the attending Directors unanimously. (4) The resolution was passed by all the attending Directors unanimously. (5) The resolution was passed by all the attending Directors unanimously. (6) The resolution was passed by all the attending Directors unanimously. (7) The resolution was passed by all the attending Directors unanimously. (8) The resolution was passed by all the attending Directors unanimously.	Nil

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	(9) Amendments to the “Rules Governing the Scope of Powers of Independent Directors.”	(9) The resolution was passed by all the attending Directors unanimously.	
	(10) Amendments to the “Audit Committee Charter.”	(10) The resolution was passed by all the attending Directors unanimously.	
	(11) Amendments to the “Remuneration Committee Charter.”	(11) The resolution was passed by all the attending Directors unanimously.	
	(12) Amendments to partial articles of “Principle of Performance Evaluation of the Board of Directors.”	(12) The resolution was passed by all the attending Directors unanimously.	
	(13) Amendments to the “Codes of Ethical Conduct.”	(13) The resolution was passed by all the attending Directors unanimously.	
	(14) Issue of enacted the “Rules Governing Financial and Business Matters Between the Company and its Affiliated Companies.”	(14) The resolution was passed by all the attending Directors unanimously.	
	(15) Issue of enacted the “Regulations for Appointment and Dismissal of Internal Audit Personnel.”	(15) The resolution was passed by all the attending Directors unanimously.	
	(16) Proposal for establishing matters related to convening of 2021 Shareholders' Meeting.	(16) The resolution was passed by all the attending Directors unanimously.	
	(17) Proposal for the shareholder's rights in submitting proposals for 2021 Shareholders' Meeting.	(17) The resolution was passed by all the attending Directors unanimously.	
	(18) Proposal for establishing the base date of change of registration for the 2021Q1 fifth domestic convertible company bonds (Securities Number 25425) converting to common stock.	(18) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.	
	(19) The Company proposed to invest on the development of the land of Shanjie Section, Guishan District, Taoyuan City.	(19) Except for Directors who recused themselves from the discussion and voting in accordance with the law, the remaining six Directors approved and passed the resolution.	
	(20) Proposal for the sale of parking space(s) of related construction project to managerial personnel.	(20) Except for Directors who recused themselves from the discussion and voting in accordance with the law, the remaining four Directors approved and passed the resolution.	



Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	<p>(21) Proposal for donation to the Taichung Highwealth Art and Culture Foundation.</p> <p>(22) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Chyi Yuh Construction Co., Ltd" for loan application to the financial institution.</p> <p>(23) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Bo-Yuan Construction Corporation" for loan application to the financial institution.</p>	<p>(21) The resolution was passed by all the attending Directors unanimously.</p> <p>(22) The resolution was passed by all the attending Directors unanimously.</p> <p>(23) The resolution was passed by all the attending Directors unanimously.</p>	
March 31, 2021 2021 Session 4	<p>(1) The Company proposed to sign the contract on urban renewal of Gongjian Section, Xizhi District, New Taipei City.</p> <p>(2) Proposal for applying for credit facility from financial institutions to cater to working capital needs.</p>	<p>(1) The resolution was passed by all the attending Directors unanimously.</p> <p>(2) The resolution was passed by all the attending Directors unanimously.</p>	Nil
April 23, 2021 2021 Session 5	<p>(1) Proposal to focus on buying back the Company shares from the market (i.e. treasury stock).</p> <p>(2) Proposal for investment in additional land in Xitun section, Xitun District, Taichung city.</p> <p>(3) Proposal for making investment to develop land in Xinxing District, Kaohsiung City.</p> <p>(4) Proposal for the provision of endorsement and guarantee to subsidiary, "Chyi Yuh Construction Co., Ltd." for loan application to the financial institution.</p> <p>(5) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Bo-Yuan Construction Corporation"</p>	<p>(1) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(2) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(3) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(4) The resolution was passed by all the attending Directors unanimously.</p> <p>(5) The resolution was passed by all the attending Directors unanimously.</p>	Nil



Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	<p>for loan application to the financial institution.</p> <p>(6) Proposal for applying for credit facility from financial institutions.</p> <p>(7) Proposal for applying for credit facility from financial institutions.</p>	<p>(6) The resolution was passed by all the attending Directors unanimously.</p> <p>(7) The resolution was passed by all the attending Directors unanimously.</p>	
May 7, 2021 2021 Session 6	<p>(1) The election of chairman.</p> <p>(2) Personnel change in manager of Kaohsiung Branch Office.</p> <p>(3) Consolidated financial statements of the Company for 2021Q1.</p> <p>(4) Proposal for acquiring 100% shareholding of subsidiary of Chyi Yuh Construction Co., Ltd., i.e. Well Rich International Co., Ltd., due to adjustments to organizational structure.</p> <p>(5) Purchase of liability insurance for Directors of the Company for 2021.</p> <p>(6) Proposal for making investment to develop land in Fuduxin, Xinzhuang District, New Taipei City.</p> <p>(7) Proposal for applying for credit facility from financial institutions.</p>	<p>(1) The attending Directors unanimously elected Cao Yuanbo (representative of Jun Ying Investment Inc.) as the new Chairperson of the Company to perform his duties internally and externally.</p> <p>(2) The resolution was passed by all the attending Directors unanimously.</p> <p>(3) The resolution was passed by all the attending Directors unanimously.</p> <p>(4) The resolution was passed by all the attending Directors unanimously.</p> <p>(5) The resolution was passed by all the attending Directors unanimously.</p> <p>(6) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(7) The resolution was passed by all the attending Directors unanimously.</p>	Nil
June 4, 2021 2021 Session 7	<p>(1) Change of duties of Managers of the Company.</p> <p>(2) Promotion of Managers of the Company.</p> <p>(3) Personnel change in Managers of the Company.</p> <p>(4) Proposal for applying for credit facility from financial institutions.</p> <p>(5) Proposal for applying for credit facility from financial institutions.</p>	<p>(1) The resolution was passed by all the attending Directors unanimously.</p> <p>(2) The resolution was passed by all the attending Directors unanimously.</p> <p>(3) The resolution was passed by all the attending Directors unanimously.</p> <p>(4) The resolution was passed by all the attending Directors unanimously.</p> <p>(5) The resolution was passed by all the attending Directors unanimously.</p>	Nil

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	<p>(6) Proposal for applying for credit facility from financial institutions.</p> <p>(7) Proposal for the application for a mid-term working capital loan from financial institution.</p>	<p>(6) The resolution was passed by all the attending Directors unanimously.</p> <p>(7) The resolution was passed by all the attending Directors unanimously.</p>	
July 22, 2021 2021 Session 8	<p>(1) Proposal for authorizing loan credit from financial institutions.</p> <p>(2) Proposal for re-establishing the date and venue of 2021 Shareholders' Meeting.</p> <p>(3) Proposal for lifting the ban of non-competition clause for managers of the Company.</p> <p>(4) Proposal for making investment to develop land in Fuduxin, Xinzhuang District, New Taipei City.</p> <p>(5) Proposal for the application for a loan and a secured financing credit line from financial institutions.</p> <p>(6) Proposal for applying for underwriting of commercial papers to financial institutions.</p> <p>(7) Proposal for applying for credit facility from financial institutions.</p> <p>(8) Proposal for the application for a mid-term working capital loan from financial institution.</p>	<p>(1) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to handle loan matters within authorization limit with the bank.</p> <p>(2) The resolution was passed by all the attending Directors unanimously.</p> <p>(3) The resolution was passed by all the attending Directors unanimously.</p> <p>(4) The resolution was passed by all the attending Directors unanimously.</p> <p>(5) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(6) The resolution was passed by all the attending Directors unanimously.</p> <p>(7) The resolution was passed by all the attending Directors unanimously.</p> <p>(8) The resolution was passed by all the attending Directors unanimously.</p>	Nil
August 13, 2021 2021 Session 9	<p>(1) Consolidated financial statements of the Company for 2021Q2.</p> <p>(2) Established the ex-dividend date of cash dividend for 2021.</p> <p>(3) Proposal for the transfer of part of the inventory to investment properties.</p> <p>(4) Proposal for the issuance of 2021 third secured ordinary corporate bonds.</p>	<p>(1) The case was passed by all the attending Directors unanimously after the chairman consulted.</p> <p>(2) The resolution was passed by all the attending Directors unanimously.</p> <p>(3) The resolution was passed by all the attending Directors unanimously.</p> <p>(4) The resolution was passed by all the attending Directors unanimously.</p>	Nil



Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	<p>(5) The Company proposed to apply for a secured financing loan case from financial institutions.</p> <p>(6) Proposal for providing land in Shan Chieh, Guishan District, Taoyuan City and commissioning First Commercial Bank to arrange for the syndicated loan.</p> <p>(7) Proposal for applying for credit facility from financial institutions.</p> <p>(8) Proposal for applying for credit facility from financial institutions.</p> <p>(9) Proposal for the provision of endorsement and guarantee to subsidiary, "Bo-Yuan Construction Corporation" for loan application to the financial institution.</p> <p>(10) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Bo-Yuan Construction Corporation" for loan application to the financial institution.</p>	<p>(5) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(6) The resolution was passed by all the attending Directors unanimously.</p> <p>(7) The resolution was passed by all the attending Directors unanimously.</p> <p>(8) The resolution was passed by all the attending Directors unanimously.</p> <p>(9) The resolution was passed by all the attending Directors unanimously.</p> <p>(10) The resolution was passed by all the attending Directors unanimously.</p>	
September 27, 2021 2021 Session 10	<p>(1) Proposal for establishing the base date of change of registration for the 2021Q3 fifth domestic convertible company bonds (Securities Number 25425) converting to common stock.</p> <p>(2) Proposal for investment in additional land in Xitun section, Xitun District, Taichung city.</p> <p>(3) Proposal for the sale of property(ies) and parking space(s) of related construction project to managerial personnel.</p> <p>(4) Proposal for the establishment of Procedures for Risk Management.</p>	<p>(1) The resolution was passed by all the attending Directors unanimously.</p> <p>(2) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(3) The resolution was passed by all the attending Directors unanimously.</p> <p>(4) The resolution was passed by all the attending Directors unanimously.</p>	Nil

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	<p>(5) Proposal for the provision of endorsement and guarantee to subsidiary, "Well Rich International Co., Ltd." for loan application to the financial institution.</p> <p>(6) Proposal for the provision of endorsement and guarantee to subsidiary, "Pi Chiang Enterprise Co., Ltd." for loan application to the financial institution.</p> <p>(7) Proposal for applying for credit facility from financial institutions.</p> <p>(8) Proposal for applying for credit facility from financial institutions.</p>	<p>(5) The resolution was passed by all the attending Directors unanimously.</p> <p>(6) The resolution was passed by all the attending Directors unanimously.</p> <p>(7) The resolution was passed by all the attending Directors unanimously.</p> <p>(8) The resolution was passed by all the attending Directors unanimously.</p>	
November 11, 2021 2021 Session 11	<p>(1) Consolidated financial statements of the Company for 2021Q3.</p> <p>(2) Proposal for investment in additional land in Hui Guo section, Xitun District, Taichung city.</p> <p>(3) Proposal for subscription to the cash capital increase of subsidiary, "Chyi Yuh Construction Co., Ltd."</p> <p>(4) Proposal for donation to the Taichung Highweath Art and Culture Foundation.</p> <p>(5) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Chyi Yuh Construction Co., Ltd" for loan extension application to the financial institution.</p> <p>(6) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Bo-Yuan Construction Corporation" for loan extension application to the financial institution.</p>	<p>(1) The case was passed by all the attending Directors unanimously after the chairman consulted.</p> <p>(2) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(3) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(4) Except for Directors who recused themselves from the discussion and voting in accordance with the law, the remaining five Directors approved and passed the resolution.</p> <p>(5) The resolution was passed by all the attending Directors unanimously.</p> <p>(6) The resolution was passed by all the attending Directors unanimously.</p>	Nil

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	<p>(7) Proposal for continuing the provision of endorsement and guarantee to subsidiary, “Well Rich International Co., Ltd.” for loan extension application to the financial institution.</p> <p>(8) Proposal for applying for secured credit facility from financial institutions.</p>	<p>(7) The resolution was passed by all the attending Directors unanimously.</p> <p>(8) The resolution was passed by all the attending Directors unanimously.</p>	
November 25, 2021 2021 Session 12	<p>(1) Proposal for entering into contract for joint construction project for developing land in Hui Guo section, Xitun District, Taichung city.</p> <p>(2) Proposal for subscription to the cash capital increase of subsidiary, “Chyi Yuh Construction Co., Ltd.”.</p> <p>(3) Proposal for applying for underwriting of commercial papers and secured credit facility from financial institutions to cater to working capital needs.</p> <p>(4) Proposal for applying for secured credit facility from financial institutions.</p> <p>(5) Proposal for the provision of endorsement and guarantee to subsidiary, “Pi Chiang Enterprise Co., Ltd.” for loan application to the financial institution.</p> <p>(6) Proposal for the provision of endorsement and guarantee to subsidiary, “Pi Chiang Enterprise Co., Ltd.” for loan application to the financial institution.</p>	<p>(1) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(2) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(3) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(4) The resolution was passed by all the attending Directors unanimously.</p> <p>(5) The resolution was passed by all the attending Directors unanimously.</p> <p>(6) The resolution was passed by all the attending Directors unanimously.</p>	Nil
December 27, 2021 2021 Session 13	<p>(1) The audit plan of the Company for 2022.</p> <p>(2) Proposal for establishing the base date of change of registration for the 2021Q4 fifth domestic convertible company bonds (Securities Number 25425) converting to common stock.</p>	<p>(1) The resolution was passed by all the attending Directors unanimously.</p> <p>(2) The resolution was passed by all the attending Directors unanimously.</p>	Nil



Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	<p>(3) Proposal for leasing property in Jincheng Section, Anping District, Tainan City to subsidiary.</p> <p>(4) Proposal for signing urban renewal contract commissioned for Kaohsiung Special Trade III of Key to Asia (northern base).</p> <p>(5) Proposal for the transfer of part of the inventory to investment properties.</p> <p>(6) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Well Rich International Co., Ltd." for loan extension application to the financial institution.</p> <p>(7) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Chyi Yuh Construction Co., Ltd" for loan application to the financial institution.</p> <p>(8) Proposal for providing land in Hui Guo section, Xitun District, Taichung city and commissioning First Commercial Bank to arrange for the syndicated loan.</p> <p>(9) Proposal for applying for credit facility from financial institutions.</p> <p>(10) Proposal for applying for credit facility from financial institutions.</p>	<p>(3) The resolution was passed by all the attending Directors unanimously.</p> <p>(4) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(5) The resolution was passed by all the attending Directors unanimously.</p> <p>(6) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(7) The resolution was passed by all the attending Directors unanimously.</p> <p>(8) The resolution was passed by all the attending Directors unanimously.</p> <p>(9) The resolution was passed by all the attending Directors unanimously.</p> <p>(10) The resolution was passed by all the attending Directors unanimously.</p>	
January 17, 2022; 2022 Session 1	<p>(1) Proposal for subscription to the cash capital increase of subsidiary, "Pi Chiang Enterprise Co., Ltd.".</p> <p>(2) Proposal for applying for credit facility from financial institutions.</p>	<p>(1) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters regarding contract signing.</p> <p>(2) The resolution was passed by all the attending Directors unanimously.</p>	Nil



Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	<p>(3) Proposal for applying for credit facility from financial institutions.</p> <p>(4) Proposal for the application of escrow limit for pre-sold house value trust to financial institutions.</p>	<p>(3) The resolution was passed by all the attending Directors unanimously.</p> <p>(4) The resolution was passed by all the attending Directors unanimously.</p>	
January 28, 2022; 2022 Session 2	(1) Proposal for the provision of endorsement and guarantee to subsidiary, "Pi Chiang Enterprise Co., Ltd." for loan application to the financial institution.	(1) The resolution was passed by all the attending Directors unanimously.	Nil
February 24, 2022; 2022 Session 3	(1) Proposal for providing a small land in Fuduxin, Xinzhuang District, New Taipei City and commissioning First Commercial Bank to arrange for the syndicated loan.	(1) The resolution was passed by all the attending Directors unanimously.	Nil
March 15, 2022; 2022 Session 4	<p>(1) Discussion on the company's "Evaluation of Internal Control System Effectiveness" and "Internal Control System Statement" for 2021.</p> <p>(2) Proposal for establishing the base date of change of registration for the 2022Q1 fifth domestic convertible company bonds (Securities Number 25425) converting to common stock.</p> <p>(3) Proposal for 2021 annual employee compensation and Director remuneration and disbursement method.</p> <p>(4) Discussion on annual business report and financial statements for 2021.</p> <p>(5) Proposal for the independence assessment of certified public accountants for 2021.</p> <p>(6) Proposal for the amendment to partial articles of Articles of Incorporation.</p>	<p>(1) The resolution was passed by all the attending Directors unanimously.</p> <p>(2) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(3) The resolution was passed by all the attending Directors unanimously, and shall be reported to the Shareholders' Meeting this year.</p> <p>(4) The resolution was passed by all the attending Directors unanimously. The audited financial report and other financial statements, along with the Business Report shall be submitted to the Shareholders' Meeting for ratification this year.</p> <p>(5) The resolution was passed by all the attending Directors unanimously.</p> <p>(6) The resolution was passed by all the attending Directors unanimously, and shall be submitted to the Shareholders' Meeting</p>	Nil

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
		for discussion this year.	
	(7) Proposal for amendment to partial articles of “Procedures of Acquisition or Disposal of Assets”.	(7) The resolution was passed by all the attending Directors unanimously, and shall be submitted to the Shareholders’ Meeting for discussion this year.	
	(8) Amendments to partial articles of the “Rules and Procedures for Shareholders’ Meetings”.	(8) The resolution was passed by all the attending Directors unanimously, and shall be submitted to the Shareholders’ Meeting for discussion this year.	
	(9) Revised certain parts of the Company Articles on “corporate governance code of practice”.	(9) The resolution was passed by all the attending Directors unanimously.	
	(10) Renaming and amendments to partial articles of the “CSR Best Practice Principles”.	(10) The resolution was passed by all the attending Directors unanimously.	
	(11) Amendments to partial articles of the “Operating Procedures for Management of Insider Trading Prevention”.	(11) The resolution was passed by all the attending Directors unanimously.	
	(12) Proposal for establishing matters related to convening of 2022 Shareholders’ Meeting.	(12) The resolution was passed by all the attending Directors unanimously.	
	(13) Proposal for the shareholder’s rights in submitting proposals for 2022 Shareholders’ Meeting.	(13) The resolution was passed by all the attending Directors unanimously.	
	(14) Proposal for establishing the redemption, termination of OTC listing and disbursement date of redemption payment of the fifth domestic convertible company bonds (Securities Number 25425).	(14) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.	
	(15) Proposal for subscription to the cash capital increase of subsidiary, “Bo-Yuan Construction Corporation”.	(15) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.	
	(16) Proposal for the issuance of 2022 first secured ordinary company bond.	(16) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.	
	(17) The Company proposed to apply for a secured financing loan case from financial institutions.	(17) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.	



Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	<p>(18) Proposal for the application for a loan extension from financial institutions.</p> <p>(19) Proposal for the provision of endorsement and guarantee to subsidiary, "Well Rich International Co., Ltd." for loan application to the financial institution.</p> <p>(20) Proposal for the provision of endorsement and guarantee to subsidiary, "Well Rich International Co., Ltd." for loan application to the financial institution.</p> <p>(21) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Bo-Yuan Construction Corporation" for loan application to the financial institution.</p> <p>(22) Proposal for the transfer of part of the inventory to investment properties.</p> <p>(23) Proposal for the sale of parking space(s) of related construction project to related party(ies).</p> <p>(24) Proposal for making investment to develop land in Xinxing section, Xinxing District, Kaohsiung City.</p>	<p>(18) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p> <p>(19) The resolution was passed by all the attending Directors unanimously.</p> <p>(20) The resolution was passed by all the attending Directors unanimously.</p> <p>(21) The resolution was passed by all the attending Directors unanimously.</p> <p>(22) The resolution was passed by all the attending Directors unanimously.</p> <p>(23) The resolution was passed by all the attending Directors unanimously.</p> <p>(24) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p>	
April 6, 2022; 2022 Session 5	<p>(1) Proposal for earnings distribution of 2021.</p> <p>(2) Proposal for the distribution of new shares from 2021 earnings.</p> <p>(3) Proposal for applying for credit facility from financial institutions.</p>	<p>(1) The resolution was passed by all the attending Directors unanimously, and shall be submitted to the Shareholders' Meeting for discussion this year.</p> <p>(2) The resolution was passed by all the attending Directors unanimously, and shall be submitted to the Shareholders' Meeting for discussion this year.</p> <p>(3) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.</p>	Nil

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	(4) Proposal for the establishment of “Human Rights Policy and Workplace Code of Conduct”.	(4) The resolution was passed by all the attending Directors unanimously.	

3. Important resolutions of Audit Committee for 2021 up until the date of publication of the annual report.

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
March 19, 2021 2021 Session 1	<p>(1) Discussion on the Company’s “Evaluation of Internal Control System Effectiveness” and “Internal Control System Statement” for 2020.</p> <p>(2) Discussion on annual business report and financial statements for 2020.</p> <p>(3) Proposal for the independence assessment of certified public accountants for 2020.</p> <p>(4) Proposal for earnings distribution of 2020.</p> <p>(5) Proposal for the sale of parking space(s) of related construction project to managerial personnel.</p> <p>(6) Proposal for donation to the Taichung Highwealth Art and Culture Foundation.</p> <p>(7) Proposal for continuing the provision of endorsement and guarantee to subsidiary, “Chyi Yuh Construction Co., Ltd” for loan application to the financial institution.</p> <p>(8) Proposal for continuing the provision of endorsement and guarantee to subsidiary, “Bo-Yuan Construction Corporation” for loan application to the financial institution.</p>	<p>(1) The resolution was passed by all the attending committee members unanimously.</p> <p>(2) The resolution was passed by all the attending committee members unanimously.</p> <p>(3) The resolution was passed by all the attending committee members unanimously.</p> <p>(4) The resolution was passed by all the attending committee members unanimously.</p> <p>(5) The resolution was passed by all the attending committee members unanimously.</p> <p>(6) Except for Directors who recused themselves from the discussion and voting in accordance with the law, the remaining two committee members approved and passed the resolution.</p> <p>(7) The resolution was passed by all the attending committee members unanimously.</p> <p>(8) The resolution was passed by all the attending committee members unanimously.</p>	Nil



Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
April 23, 2021 2021 Session 2	(1) Proposal to focus on buying back the Company shares from the market (i.e. treasury stock). (2) Proposal for the provision of endorsement and guarantee to subsidiary, “Chyi Yuh Construction Co., Ltd.” for loan application to the financial institution. (3) Proposal for continuing the provision of endorsement and guarantee to subsidiary, “Bo-Yuan Construction Corporation” for loan application to the financial institution.	(1) The resolution was passed by all the attending committee members unanimously. (2) The resolution was passed by all the attending committee members unanimously. (3) The resolution was passed by all the attending committee members unanimously.	Nil
May 7, 2021 2021 Session 3	(1) Consolidated financial statements of the Company for 2021Q1. (2) Proposal for acquiring 100% shareholding of subsidiary of Chyi Yuh Construction Co., Ltd., i.e. Well Rich International Co., Ltd., due to adjustments to organizational structure. (3) Purchase of liability insurance for Directors of the Company for 2021.	(1) The resolution was passed by all the attending committee members unanimously. (2) The resolution was passed by all the attending committee members unanimously. (3) The resolution was passed by all the attending committee members unanimously.	Nil
August 13, 2021 2021 Session 4	(1) Consolidated financial statements of the Company for 2021Q2. (2) Proposal for the transfer of part of the inventory to investment properties. (3) Proposal for the provision of endorsement and guarantee to subsidiary, “Bo-Yuan Construction Corporation” for loan application to the financial institution. (4) Proposal for continuing the provision of endorsement and guarantee to subsidiary, “Bo-Yuan Construction Corporation” for loan application to the financial institution.	(1) The resolution was passed by all the attending committee members unanimously. (2) The resolution was passed by all the attending committee members unanimously. (3) The resolution was passed by all the attending committee members unanimously. (4) The resolution was passed by all the attending committee members unanimously.	Nil



Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
September 27, 2021 2021 Session 5	<p>(1) Proposal for the sale of property and parking space of related construction project to managerial personnel.</p> <p>(2) Proposal for the provision of endorsement and guarantee to subsidiary, "Well Rich International Co., Ltd." for loan application to the financial institution.</p> <p>(3) Proposal for the provision of endorsement and guarantee to subsidiary, "Pi Chiang Enterprise Co., Ltd." for loan application to the financial institution.</p>	<p>(1) The resolution was passed by all the attending committee members unanimously.</p> <p>(2) The resolution was passed by all the attending committee members unanimously.</p> <p>(3) The resolution was passed by all the attending committee members unanimously.</p>	Nil
November 11, 2021 2021 Session 6	<p>(1) Consolidated financial statements of the Company for 2021Q3.</p> <p>(2) Proposal for subscription to the cash capital increase of subsidiary, "Chyi Yuh Construction Co., Ltd.".</p> <p>(3) Proposal for donation to the Taichung Highwealth Art and Culture Foundation.</p> <p>(4) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Chyi Yuh Construction Co., Ltd" for loan extension application to the financial institution.</p> <p>(5) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Bo-Yuan Construction Corporation" for loan extension application to the financial institution.</p> <p>(6) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Well Rich International Co., Ltd." for loan extension application to the financial institution.</p>	<p>(1) The resolution was passed by all the attending committee members unanimously.</p> <p>(2) The resolution was passed by all the attending committee members unanimously.</p> <p>(3) Except for Directors who recused themselves from the discussion and voting in accordance with the law, the remaining two committee members approved and passed the resolution.</p> <p>(4) The resolution was passed by all the attending committee members unanimously.</p> <p>(5) The resolution was passed by all the attending committee members unanimously.</p> <p>(6) The resolution was passed by all the attending committee members unanimously.</p>	Nil

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
November 25, 2021 2021 Session 7	<p>(1) Proposal for subscription to the cash capital increase of subsidiary, “Chyi Yuh Construction Co., Ltd.”.</p> <p>(2) Proposal for the provision of endorsement and guarantee to subsidiary, “Pi Chiang Enterprise Co., Ltd.” for loan application to the financial institution.</p> <p>(3) Proposal for the provision of endorsement and guarantee to subsidiary, “Pi Chiang Enterprise Co., Ltd.” for loan application to the financial institution.</p>	<p>(1) The resolution was passed by all the attending committee members unanimously.</p> <p>(2) The resolution was passed by all the attending committee members unanimously.</p> <p>(3) The resolution was passed by all the attending committee members unanimously.</p>	Nil
December 27, 2021 2021 Session 8	<p>(1) Proposal for leasing property in Jincheng Section, Anping District, Tainan City to a subsidiary.</p> <p>(2) Proposal for the transfer of part of the inventory to investment properties.</p> <p>(3) Proposal for continuing the provision of endorsement and guarantee to subsidiary, “Well Rich International Co., Ltd.” for loan extension application to the financial institution.</p> <p>(4) Proposal for continuing the provision of endorsement and guarantee to subsidiary, “Chyi Yuh Construction Co., Ltd” for loan application to the financial institution.</p>	<p>(1) The resolution was passed by all the attending committee members unanimously.</p> <p>(2) The resolution was passed by all the attending committee members unanimously.</p> <p>(3) The resolution was passed by all the attending committee members unanimously.</p> <p>(4) The resolution was passed by all the attending committee members unanimously.</p>	Nil
January 17, 2022 2022 Session 1	<p>(1) Proposal for subscription to the cash capital increase of subsidiary, “Pi Chiang Enterprise Co., Ltd.”.</p>	<p>(1) The resolution was passed by all the attending committee members unanimously.</p>	Nil
January 28, 2022 2022 Session 2	<p>(1) Proposal for the provision of endorsement and guarantee to subsidiary, “Pi Chiang Enterprise Co., Ltd.” for loan application to the financial institution.</p>	<p>(1) The resolution was passed by all the attending committee members unanimously.</p>	Nil
March 15, 2022 2022 Session 3	<p>(1) Discussion on the Company’s “Evaluation of Internal Control System Effectiveness” and</p>	<p>(1) The resolution was passed by all the attending committee members unanimously.</p>	Nil



Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	<p>“Internal Control System Statement” for 2021.</p> <p>(2) Discussion on annual business report and financial statements for 2021.</p> <p>(3) Proposal for the independence assessment of certified public accountants for 2021.</p> <p>(4) Proposal for the amendment to partial articles of Articles of Incorporation.</p> <p>(5) Proposal for amendment to partial articles of “Procedures of Acquisition or Disposal of Assets”.</p> <p>(6) Amendments to partial articles of the “Rules of Procedures for Shareholders’ Meetings.”</p> <p>(7) Amendments to partial articles of the “Operating Procedures for Management of Insider Trading Prevention”.</p> <p>(8) Proposal for subscription to the cash capital increase of subsidiary, “Bo-Yuan Construction Corporation”.</p> <p>(9) Proposal for the provision of endorsement and guarantee to subsidiary, “Well Rich International Co., Ltd.” for loan application to the financial institution.</p> <p>(10) Proposal for the provision of endorsement and guarantee to subsidiary, “Well Rich International Co., Ltd.” for loan application to the financial institution.</p> <p>(11) Proposal for continuing the provision of endorsement and guarantee to subsidiary, “Bo-Yuan Construction Corporation” for loan application to the financial institution.</p>	<p>(2) The resolution was passed by all the attending committee members unanimously.</p> <p>(3) The resolution was passed by all the attending committee members unanimously.</p> <p>(4) The resolution was passed by all the attending committee members unanimously.</p> <p>(5) The resolution was passed by all the attending committee members unanimously.</p> <p>(6) The resolution was passed by all the attending committee members unanimously.</p> <p>(7) The resolution was passed by all the attending committee members unanimously.</p> <p>(8) The resolution was passed by all the attending committee members unanimously.</p> <p>(9) The resolution was passed by all the attending committee members unanimously.</p> <p>(10) The resolution was passed by all the attending committee members unanimously.</p> <p>(11) The resolution was passed by all the attending committee members unanimously.</p>	

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
	(12) Proposal for the transfer of part of the inventory to investment properties. (13) Proposal for the sale of parking space(s) of related construction project to related party(ies).	(12) The resolution was passed by all the attending committee members unanimously. (13) The resolution was passed by all the attending committee members unanimously.	
April 6, 2022 2022 Session 4	(1) Proposal for earnings distribution of 2021. (2) Proposal for the distribution of new shares from 2021 earnings.	(1) The resolution was passed by all the attending committee members unanimously. (2) The resolution was passed by all the attending committee members unanimously.	Nil

4. Important resolutions of Remuneration Committee as of the year 2021 and the date of publication of the annual report.

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
March 19, 2021; 2021 Session 1	(1) Discussion on the Company's 2020 annual employee compensation and the amount of directors' remuneration and the method of issuance.	(1) The resolution was passed by all the attending committee members unanimously, and authorized the chairman to handle follow-up related matters.	Nil
June 4, 2021; 2021 Session 2	(1) Personnel change of the Company.	(1) The resolution was passed by all the attending committee members unanimously, and authorized the chairman to handle follow-up related matters.	Nil
December 27, 2021; 2021 Session 3	(1) Appropriation of 2020 Director remuneration. (2) Appropriation of 2020 employee compensation of Managers. (3) Disbursement of performance bonus of Managers for 2021.	(1) The resolution was passed by all the attending committee members unanimously, and authorized the chairman to handle follow-up related matters. (2) The resolution was passed by all the attending committee members unanimously, and authorized the chairman to handle follow-up related matters. (3) The resolution was passed by all the attending committee members unanimously, and authorized the chairman to handle follow-up related matters.	Nil
March 15, 2022; 2022 Session 1	(1) Proposal for 2021 annual employee compensation and Director remuneration and disbursement method.	(1) The resolution was passed by all the attending committee members unanimously, and authorized the chairman to handle follow-up related matters.	Nil
April 6, 2022; 2022 Session 2	(1) Personnel change of the Company.	(1) The resolution was passed by all the attending committee members	Nil

Date/Session	Meeting Record Contents		Special Items
	Brief summary of the motion	Implementation	
		unanimously, and authorized the chairman to handle follow-up related matters.	

(XII) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year, up until the publication date of the annual report: Nil.

(XIII) Resignation or dismissal of the chairperson, president, head of accounting, head of finance, chief internal auditor, corporate governance officer, or head of R&D in the most recent year up until the publication date of the annual report:

On May 7, 2021, the former Chairperson, Zheng Zhilong was discharged due to a re-election of representative of juristic-person director.



V. Audit fees

Unit: NT\$ thousand

Accounting Firm	CPA	Period Covered by the Audit	Audit Fees	Non-audit Fees	Total	Remarks
KPMG Accounting	Han, Yi-Lian	110.01-110.12	3,000	963	3,963	Note:1
	Jian Dinuan					

Note 1: Non-audit fees covered income tax audit, and review of business registration and issuance of corporate bonds.

VI. Change in CPA: Nil.

VII. 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: Nil.

VIII. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest in the last year, up until the publication date of the annual report:

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

Unit: Share

Position	Name	2021		As of April 16, 2022	
		Shares held - Increase (decrease)	Shares pledged - Increase (decrease)	Shares held - Increase (decrease)	Shares pledged - Increase (decrease)
Juristic-person Director	Run Ying Investment Co., Ltd.	—	—	—	—
Chairperson (Note 1)	Cao Yuanbo	—	—	—	—
Chairperson (Note 2)	Zheng Zhilong	—	—	—	—
Director holding concurrent position as President	Fan Huajun	—	—	—	—
Director	Zheng Qintian	—	—	—	—
Director	Zheng Xiuhui	—	—	—	—
Independent Director	Hong Xiyao	—	—	—	—
Independent Director	Li Wencheng	—	—	—	—
Independent Director	Chen Tachun	—	—	—	—
Development Department Vice President	Liao Zhaoxiong	—	—	—	—
Finance Department Vice President	Wang Suyue	—	—	—	—
Assistant Vice President of Planning Department	Song Guozong	—	—	—	—
Sales Department Associate Manager	Chen Qiuwei	—	—	—	—
Accounting Department	Li Xiutai	—	—	—	—

Associate Manager					
Assistant Vice President (Note 3)	Liao Lien-Hui	—	—	—	—
Kaohsiung Branch Finance Department Manager	Chen Qiulan	17,000	—	—	—
Manager of Administration Department (Note 3)	Chen Chun-Yan	5,000	—	2,000	—
Supervisor of Corporate Governance	Lin Wenlong	—	—	—	—

Note 1: Assumed position on May 7, 2021; formerly as Vice President of Kaohsiung Branch.

Note 2: Discharged on May 7, 2021.

Note 3: Assumed position on June 4, 2021.

- (II) Information on the relatives of directors, supervisors, managers and major shareholders' equity transfer is related: Nil.
- (III) Information on the relatives of directors, supervisors, managers and major shareholders' equity pledges is related: Nil.

IX. 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 16, 2022 Unit: Shares; %

Name (Note 1)	Shares held in person		Current Shareholding of and minor child(ren)		Total shareholding by nominee arrangement		Top ten shareholders with spousal relationship or familial relationship within the second degree kinship with one another. (Note 3)		Remarks
	Shares	Shareholding Percentage Note 2	Shares	Holding shares ratio Note 2	Shares	Holding shares ratio Note 2	Name	Relation	
Xing Ri-sheng Investment Co., Ltd. Representative: Zheng Xiuhui	98,949,269	6.34%	0	0%	0	0%	Zheng Qintian Zheng Junfang Xie Shuying Zheng Yousheng Cai Congbin	Spouse Mother & Child Second Degree Kinship Second Degree Kinship Second Degree Kinship	Nil
Era Winner Investment Co., Ltd Representative: Huang Qingshui	78,938,890	5.06%	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	Nil
Qingshiban Investment Co., Ltd.	62,246,115	3.99%	0	0%	0	0%	Zheng Qintian Zheng Xiuhui Xie Shuying	Father & Child	Nil

Juristic-person representative: LOTUS (Mauritius) GLOBAL INVESTMENTS LTD: Zheng Junfang								Zheng Yousheng Cai Congbin	Mother & Child Second Degree Kinship Second Degree Kinship Second Degree Kinship	
Yuanta/P-shares Taiwan Dividend Plus ETF Deposit account	60,651,839	3.89%	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	Nil
Da-Li Investment Co., Ltd Representative: Tsai Tsungpin	58,384,395	3.74%	0	0%	0	0%		Zheng Qintian Zheng Xiuhui Zheng Junfang Zheng Yousheng Xie Shuying	Second Degree Kinship Second Degree Kinship Second Degree Kinship Second Degree Kinship Second Degree Kinship	Nil
Wu Chaohong	51,910,900	3.33%	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	Nil
Wan Shengfa Investment Co., Ltd Representative: Zheng Yousheng	46,668,642	2.99%	0	0%	0	0%		Xie Shuying Zheng Qintian Zheng Xiuhui Zheng Junfang Cai Congbin	Spouse Second Degree Kinship Second Degree Kinship Second Degree Kinship Second Degree Kinship	Nil
Chang Gung Medical Foundation	37,448,035	2.40%	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	Nil
Lishuo Investment (Stock) Company Representative: Xie Shuying	32,168,871	2.06%	0	0%	0	0%		Zheng Yousheng Zheng Qintian Zheng Xiuhui Zheng Junfang Cai Congbin	Spouse Second Degree Kinship Second Degree Kinship Second Degree Kinship	Nil

								Second Degree Kinship	
Zheng Qintian	29,275,725	1.88%	8,966,663	0.57%	0	0%	Zheng Xiuhui Zheng Junfang Xie Shuying Zheng Yousheng Cai Congbin	Spouse Father & Child Second Degree Kinship Second Degree Kinship Second Degree Kinship	Nil

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(ren) or nominee shareholder(s).

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, and thus the relevant information of his spouse, minor child(ren) or nominee shareholder(s) is not available.

X. The number of shares held by the company, the company's directors, 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 percentage

March 31, 2022 Unit: Shares;%

Re-investment business	Invested by the Company		Directors, managers and investments directly or indirectly controlling the business		Comprehensive investment	
	Shares held	Shareholding Percentage	Shares held	Shareholding Percentage	Shares held	Shareholding Percentage
Consultant of Chu Feng Hotel Management Consultant 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%
Chyi Yuh Construction Co., Ltd.	355,000,000	100%	0	0%	355,000,000	100%
Run Long Construction Co., Ltd.	22,422,816	5.72%	77,480,267	19.76%	99,903,083	25.47%

Jin Jyun Construction Co., Ltd.	0	0%	50,000,000	100%	50,000,000	100%
Hundred Million Mark Enterprise Co., Ltd.	2,200,000	100%	0	0%	2,200,000	100%
Pi Chiang Enterprise Co., Ltd.	50,720,000	100%	0	0%	50,720,000	100%
Xingfuyu Trading (Xiamen) Co., Ltd	0	100%	0	0%	0	100%
Chuan Hsiang Trading (Shanghai) Co., Ltd.	0	100%	0	0%	0	100%
Highwealth Construction Corporation	1,500,000	100%	0	0%	1,500,000	100%
Bo-Yuan Construction Corporation	50,800,000	100%	0	0%	50,800,000	100%
Guangyang Investment Co., Ltd	0	0%	29,900,000	100%	29,900,000	100%
Well Rich International Co., Ltd.	8,100,000	100%	0	0%	8,100,000	100%

Four. Capital Overview

I. Capital and Shares

(I) Source of Share Capital

1. Types of stocks:

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common Stock	1,560,385,031	439,614,969	2,000,000,000	Listed company stock

Note: The above-stated shares including the Company bond transfer to common stock is not yet registered.

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

April 16, 2022 Unit: Shares ; NT\$

Month/Year	Face Value Per Share	Authorized Capital		Paid-in Capital		Remarks		
		Shares held	Amount	Shares held	Amount	Sources of Capital (Amounts in NT\$)	Non-cash Assets in Lieu of Capital	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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 13)	Nil	Nil
2011/12	10	1,000,000,000	10,000,000,000	728,016,778	7,280,167,780	Capital reduction by treasury stock NT\$214,620,000 CB conversion 197,677,230 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 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 (Note 17)	Nil	Nil
2019/06	10	2,000,000,000	20,000,000,000	1,166,628,752	11,666,287,520	(Note 18)	Nil	Nil
October 2020	10	2,000,000,000	2,000,000,000	1,283,291,627	12,832,916,270	Earnings NT\$1,166,628,750 (Note 19)	Nil	Nil
April 2021	10	2,000,000,000	2,000,000,000	1,290,963,617	12,909,636,170	CB conversion NT\$ 76,719,700 (Note 20)	Nil	Nil
October 2021	10	2,000,000,000	2,000,000,000	1,307,931,580	13,079,315,800	CB conversion NT\$169,679,630 (Note 21)	Nil	Nil
January 2022	10	2,000,000,000	2,000,000,000	1,390,137,502	13,901,375,020	CB conversion NT\$822,059,220 (Note 22)	Nil	Nil
April 2022	10	2,000,000,000	2,000,000,000	1,462,290,484	14,622,904,840	CB conversion NT\$721,529,820 (Note 23)	Nil	Nil

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

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

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).

Approved by FSC on May 26, 2006 (ref. FSC document No. 0950121590).
 16. Approved by FSC on Sept. 3, 2015 (ref. FSC D&I Center No. 1040036020).
 17. Approved by business letter on May 22, 2017 (ref. FSC D&I Center No. 1060016434).
 5-6. Approved by FSC on Sept. 15, 2005 (ref. FSC document No. 0940135371).
 18. Approved by FSC on June 26, 2019 (ref. Business letter No. 10801078730).
 7. Approved by FSC on Sept. 15, 2005 (ref. FSC document No. 0940135371).
 19. Approved by FSC on October 16, 2020 (ref. Business letter No. 10901193320).
 Approved by FSC on June 13, 2006 (ref. FSC document No. 0950002841).
 20. Approved by FSC on April 19, 2021 (ref. Business letter No. 11001058250).
 8. Approved by FSC on June 13, 2006 (ref. FSC document No. 0950002841).
 21. Approved by FSC on October 6, 2021 (ref. Business letter No. 11001182980).
 9. Approved by FSC on July, 09, 2007 (ref. FSC document No. 0960035526).
 22. Approved by FSC on January 3, 2022 (ref. Business letter No. 11001243640).
 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. 0980032081).
 23. Approved by FSC on April 11, 2022 (ref. Business letter No. 11101051800).
 12. Approved by FSC on April 9, 2008 (ref. FSC document No. 0970011133).

3. Summary reporting system related information: Nil.

(II) Status of Shareholders

April 16, 2022

Item \ Type	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutes and Foreigners	Total
Shareholders	4	18	335	299	100,080	100,736
Shares held	963,608	94,200,642	589,643,817	121,256,411	754,320,553	1,560,385,031
Shareholding Percentage	0.06%	6.04%	37.79%	7.77%	48.34%	100.00%

Note: The above-stated shares including the Company bond transfer to common stock is not yet registered.

(III) Shareholding Distribution Status

1. Common shares distribution:

COMMON SHARES

April 16, 2022

Shareholding Tiers (Unit: Share)	Number of Shareholders	Shares held	Shareholding Percentage
1 ~ 999	15,876	4,218,997	0.27%
1,000 ~ 5,000	61,255	126,314,409	8.10%
5,001 ~ 10,000	11,395	85,666,165	5.49%
10,001 ~ 15,000	4,199	51,709,648	3.31%
15,001 ~ 20,000	2,303	41,751,854	2.68%
20,001 ~ 30,000	2,102	52,382,658	3.36%
30,001 ~ 40,000	1,008	35,444,548	2.27%
40,001 ~ 50,000	617	28,209,081	1.81%
50,001 ~ 100,000	1,173	83,001,594	5.32%
100,001 ~ 200,000	481	66,428,209	4.26%
200,001 ~ 400,000	162	44,154,079	2.83%
400,001 ~ 600,000	61	29,162,700	1.86%
600,001 ~ 800,000	20	14,093,615	0.90%
800,001 ~ 1,000,000	15	13,572,687	0.87%
≥ 1,000,001	69	884,274,787	56.67%
Total	100,736	1,560,385,031	100%

Note: The above-stated shares including the Company bond transfer to common stock is not yet registered.

2. Preferred shares distribution: Nil.

(IV) List of major shareholders

Name	Shares	Shares held (April 16, 2022)	Shareholding Percentage (April 16, 2022)
Xing Ri-sheng Investment Co., Ltd.		98,949,269	6.34%
Era Winner Investment Co., Ltd		78,938,890	5.06%
Ching Shi Investment Co., Ltd.		62,246,115	3.99%
Yuanta/P-shares Taiwan Dividend Plus ETF Deposit account		60,651,839	3.89%
Da-Li Investment Co., Ltd		58,384,395	3.74%
Wu Chaohong		51,910,900	3.33%
Wan Shengfa Investment Co., Ltd		46,668,642	2.99%
Chang Gung Medical Foundation		37,448,035	2.40%
Lishuo Investment (Stock) Company		32,168,871	2.06%
Zheng Qintian		29,275,725	1.88%

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

Unit: NT\$; %

Item		YEAR			
		Year 2020	2021	Until the end of the current year March 31, 2022	
Face Value per share	Highest	47.50	49.80	50.90	
	Lowest	32.85	40.40	45.10	
	Average	43.76	45.20	47.38	
Face Value per share	Before distribution	24.89	29.24	Note 5	
	After distribution	22.89	Note 4	—	
Face Value per share	Weighted average amount of shares	1,254,563 thousand shares	1,268,341 thousand shares	Note 5	
	Face Value per share	Before Retrospectively Adjustment	2.11	6.45	
		After Retrospectively Adjustment		Note 4	
Face Value per share (NT\$)	Cash dividends		2	Note 4	—
	Stock dividend	Earnings dividend	—	Note 4	—
		Capital reserve dividend	—	—	—

	Accrued dividend	–	–	–
Profitability	Price-to-Earning Ratio (times) (Note 2)	20.74	7.01	–
	Price-to-Dividend Ratio (Note 3)	21.88	Note 4	–
	Cash dividend yield (Note 4)	4.57	Note 4	–

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 2022 has not been produced.

(VI) Dividend Policy and Implementation Status

1. Dividend policy:

Article 29: If the Company makes profits for the year, of which the employee remuneration shall not be less than 0.1% of the pre-tax benefits and the director remuneration shall not be more than 1% of the pre-tax benefits, the remuneration shall be distributed after the resolution of the Board of Directors and reported to the Board of Directors. However, if the Company still has accumulated losses, the compensation amount shall be reserved in advance. The allotment objects of remuneration shall include employees of subsidiaries who meet certain conditions, which shall be authorized to the Board of Directors for decision. The Company shall grasp the changing characteristics of the operating economic environment in order to achieve sustainable operation and long-term development. The Board of Directors shall pay attention to the stability and growth of dividends when formulating the appropriation of earnings, and shall decide on the most appropriate method for dividend policy payment depending on the operating conditions and considering the capital budget planning.

Article 29-1: The Company's earnings concluded in a year are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for the legal reserve. However, no further provision for the legal reserve is required if the Company has accumulated legal reserve of an amount equal to paid-in capital. In addition, the legal reserve shall be allocated or reversed in accordance with laws and regulations or regulations stipulated by the competent authority. The remaining balance and the beginning balance of the undistributed earnings constitute the accumulated distributable earnings. Of the aforementioned accumulated distributable earnings, not less than 20% shall be allocated as shareholders' bonus. The Board of Directors shall prepare the proposal for distribution and submit it to the Shareholders' Meeting for resolution. When

distributing earnings, the cash part of shareholders' dividends shall not be less than 10% of the amount distributed to shareholders.

If the Company distributes all or part of the dividends or statutory surplus reserves and capital reserves by means of cash disbursement, it shall authorize the Board of Directors with over two-thirds of the directors attending the meeting and conduct after approval of a majority of the directors attending the meeting, which shall be reported to the shareholders' meeting.

2. Proposed dividend distribution:

The proposed distribution of 2021 profits were approved at the Board of Directors meeting on April 6, 2022 by resolution. A cash dividend of NT\$4.16 (NT\$4,160 per thousand share) and share dividend of NT\$1.04 (104 shares per thousand share) was proposed and will be discussed at the Annual Shareholders' Meeting on June 14, 2022. The proportion of cash and stock dividends amounts to 80% and 20% respectively.

3. Significant changes to dividend policy: Nil.

(VII) The Impact of Issuance of Bonus Shares Proposed in this Shareholders' Meeting on the Company's Business Performances and Earnings per Share

Unit: NT\$ thousand

Item		Year	2022 (estimation)
Paid-in capital at the beginning			13,927,531
Dividend and stock dividend this year	Cash dividend per share (NT dollars)		(Note)
	Stock dividend from retained earnings transferred to capital increase (shares)		
	Stock dividend from capital reserve transferred to capital increase (shares)		
Change of operating performance	Operating profit		
	Increasing (decreasing) percentage of operating profit compared with the same period last year		
	Net income after tax		
	Increasing (decreasing) percentage of net income after tax compared with the same period last year		
	Earnings per share		
	Increasing (decreasing) percentage of earnings per share compared with the same period last year		
Annual average rate on investment (reciprocal of annual price-earnings ratio)			

Proforma earnings per share and PE ratio	If all the retained earnings transferred to capital increase were distributed by cash dividend	Proforma earnings per share (NT dollars)	
		Proforma annual average rate on investment	
	If capital reserve transferred to capital increase was not conducted	Proforma earnings per share (NT dollars)	
		Proforma annual average rate on investment	
	If capital reserve transferred to capital increase and all the retained earnings transferred to capital increase distributed by cash dividend were not conducted	Proforma earnings per share (NT dollars)	
		Proforma annual average rate on investment	

Note: The Company has not disclosed its financial forecast for 2022; therefore, this item is not applicable.

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

1. Information related to employee bonus and directors' and supervisors' remuneration in the Articles of Incorporation: Please refer to the above-mentioned (6) dividend policy.
2. 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.

3. 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\$60 million for employees and a remuneration of NT\$11 million for Directors were approved at the Board of Directors meeting by resolution on March 15, 2022. 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 compensation distributed in stock, and the said compensation as a percentage of the sum of after-tax profit and total employee compensation in the standalone financial statements:

On March 15, 2022, the Board of Directors meeting has determined that there will be no stock dividend distribution for employees.

4. 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	2020		
	Actual Amount Paid	Estimated Amount	Diff.
Employee cash bonus	NT\$ 36,000 thousand	NT\$ 36,000 thousand	0
Employee stock bonus	0	0	0
Directors' Remuneration	NT\$7,500 thousand	NT\$7,500 thousand	0

- (IX) Buyback of Treasury Stock:

Term of share repurchase	The Third
Date of the Board of Directors' resolution	April 23, 2021
Purpose of repurchase	Transferring shares to employees
Duration	April 26, 2021 to June 22, 2021
Type and Number of Shares Repurchased	Ordinary shares, 20,000,000 shares
Amount of Shares Repurchased	NT\$884,907,994
Percentage of the number of repurchased shares to the number of estimated shares repurchased	100%
Average Repurchase Price Per Share	NT\$44.25
Number of shares cancelled and transferred	0
Accumulated shares of the Company held	20,000,000 shares
Percentage of accumulated shares of the Company held to total issued shares (%)	1.28%

II. Corporate Bonds

(I) Status of Outstanding Corporate Bonds

April 16, 2022

Type of Corporate Bonds	2018 first secured ordinary corporate bonds (Code: B86404; Abbreviation: P07Highwealth1)	2020 first secured ordinary corporate bonds (Code: B86405; Abbreviation: P09Highwealth1)	2020 second secured ordinary corporate bonds (Code: B86406; Abbreviation: P09Highwealth2)	2021 first secured ordinary corporate bonds (Code: B86407; Abbreviation: P10Highwealth1)
Date of issuance	May 28, 2018	December 30, 2020	December 30, 2020	January 14, 2021
Face Value	NT\$ 1 million	NT\$ 1 million	NT\$ 1 million	NT\$ 1 million
Place of issuance and transaction	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Issuing price	At face value	At face value	At face value	At face value
Total amount	Total Par Value NT\$ 2.5 Billion	Total Par Value NT\$ 3 Billion	Total Par Value NT\$ 2 Billion	Total Par Value NT\$ 2 Billion
Interest rate	Coupon rate: fixed rate at 0.9% per annum	Coupon rate: fixed rate at 0.53% per annum	Coupon rate: fixed rate at 0.53% per annum	Coupon rate: fixed rate at 0.52% per annum
Duration	5-year period, maturity date: May 28, 2023	5-year period, maturity date: December 30, 2025	5-year period, maturity date: December 30, 2025	5-year period, maturity date: January 14, 2026
Assurance agency	Land Bank of Taiwan Co., Ltd.	Bank of Taiwan Co., Ltd.	Land Bank of Taiwan Co., Ltd.	Mega International Bank Co., Ltd.
Trustee	JihSun International Bank Co., Ltd.	Land Bank of Taiwan Co., Ltd.	JihSun International Bank Co., Ltd.	Land Bank of Taiwan Co., Ltd.
Underwriting institution	Land Bank of Taiwan Co., Ltd.	BankTaiwan Securities Co.,Ltd.	Land Bank of Taiwan Co., Ltd.	Mega Securities Co., Ltd
Certifying attorney	Chung-Chieh Yu (attorney)	Chung-Chieh Yu (attorney)	Chung-Chieh Yu (attorney)	Chung-Chieh Yu (attorney)
CPA	Di-nuang Jian, Gou-yang Tseng, CPA	Han I-Lien and Chien Tinuan	Han I-Lien and Chien Tinuan	Han I-Lien and Chien Tinuan
Repayment method	Bullet repayment at maturity date at the end of 5-year period	Bullet repayment at maturity date at the end of 5-year period	Bullet repayment at maturity date at the end of 5-year period	Bullet repayment at maturity date at the end of 5-year period
Outstanding principal amount	NT\$ 2.5 billion	NT\$ 3 billion	NT\$ 2 billion	NT\$ 2 billion
Terms of redemption or early repayment	Not applicable.	The Company may exercise its right of redemption by the coupon payment date after three years of issuance and can be redeemed totally.	The Company may exercise its right of redemption by the coupon payment date after three years of issuance and can be redeemed totally.	Not applicable.
Restrictions	Nil	Nil	Nil	Nil
Credit rating agency, assessment date and results	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Secondary conversion (exchange or subscriptions) to ordinary shares, overseas	Not applicable.	Not applicable.	Not applicable.	Not applicable.

Type of Corporate Bonds	2018 first secured ordinary corporate bonds (Code: B86404; Abbreviation: P07Highwealth1)	2020 first secured ordinary corporate bonds (Code: B86405; Abbreviation: P09Highwealth1)	2020 second secured ordinary corporate bonds (Code: B86406; Abbreviation: P09Highwealth2)	2021 first secured ordinary corporate bonds (Code: B86407; Abbreviation: P10Highwealth1)
depository receipts, or other securities				
Issuing and conversion (or exchange or subscription) method	Please refer to the prospectus of the first secured ordinary corporate bonds for 2020.	Please refer to the prospectus of the second secured ordinary corporate bonds for 2020.	Please refer to the prospectus of the first secured ordinary corporate bonds for 2021.	Please refer to the prospectus of the first secured ordinary corporate bonds for 2018.
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 the first secured ordinary corporate bonds for 2018.	Please refer to the prospectus of the first secured ordinary corporate bonds for 2020.	Please refer to the prospectus of the second secured ordinary corporate bonds for 2020.	Please refer to the prospectus of the first secured ordinary corporate bonds for 2021.
Custodian of the target(s) of conversion	Not applicable.	Not applicable.	Not applicable.	Not applicable.

April 16, 2022

Type of Corporate Bonds	2021 second secured ordinary corporate bonds (Code: B86408; Abbreviation: P10Highwealth2)	2021 third secured ordinary corporate bonds (Code: B86409; Abbreviation: P10Highwealth3)	First secured ordinary corporate bonds secured ordinary corporate bonds (Code: B86410; Abbreviation: P11Highwealth1)
Date of issuance	January 14, 2021	September 15, 2021	April 18, 2022
Face Value	NT\$ 1 million	NT\$ 1 million	NT\$ 1 million
Place of issuance and transaction	Not applicable.	Not applicable.	Not applicable.
Issuing price	At face value	At face value	At face value
Total amount	Total Par Value NT\$ 2 Billion	Total Par Value NT\$ 3 Billion	Total Par Value NT\$ 2 Billion
Interest rate	Coupon rate: fixed rate at 0.50% per annum	Coupon rate: fixed rate at 0.55% per annum	Coupon rate: fixed rate at 0.90% per annum
Duration	Three years Maturity Date: January 14, 2024	Five years, Maturity Date: September 15, 2026	Five years, Maturity Date: April 18, 2027
Assurance agency	Taiwan Cooperative Bank Co., Ltd	Hua Nan Commercial Bank, Ltd.	Taiwan Business Bank Co., Ltd

Type of Corporate Bonds	2021 second secured ordinary corporate bonds (Code: B86408; Abbreviation: P10Highwealth2)	2021 third secured ordinary corporate bonds (Code: B86409; Abbreviation: P10Highwealth3)	First secured ordinary corporate bonds secured ordinary corporate bonds (Code: B86410; Abbreviation: P11Highwealth1)
Trustee	JihSun International Bank Co., Ltd	Land Bank of Taiwan Co., Ltd.	Land Bank of Taiwan Co., Ltd.
Underwriting institution	Taiwan Cooperative Securities Co., Ltd.	BankTaiwan Securities Co.,Ltd.	BankTaiwan Securities Co.,Ltd.
Certifying attorney	Chung-Chieh Yu (attorney)	Chung-Chieh Yu (attorney)	Chung-Chieh Yu (attorney)
CPA	Han I-Lien and Chien Tinuan	Han I-Lien and Chien Tinuan	Han I-Lien and Chien Tinuan
Repayment method	Bullet repayment at maturity date at the end of 5-year period	Bullet repayment at maturity date at the end of 5-year period	Bullet repayment at maturity date at the end of 5-year period
Outstanding principal amount	NT\$ 2 billion	NT\$ 3 billion	NT\$ 2 billion
Terms of redemption or early repayment	Not applicable.	Not applicable.	Not applicable.
Restrictions	Nil	Nil	Nil
Credit rating agency, assessment date and results	Not applicable.	Not applicable.	Not applicable.
Secondary rights	Amount of conversion (exchange or subscriptions) to ordinary shares, oversea depositary receipts, or other securities	Not applicable.	Not applicable.
	Issuing and conversion (or exchange or subscription) method	Please see the prospectus of 2021 second secured ordinary corporate bonds	Please see the prospectus of 2021 third secured ordinary corporate bonds
Potential impact of issuance, conversion, exchange, subscription, or issuing method and conditions on the dilution of equity and existing shareholders' rights	Please see the prospectus of 2021 second secured ordinary corporate bonds	Please see the prospectus of 2021 third secured ordinary corporate bonds	Please see the prospectus of 2022 first secured ordinary corporate bonds
Custodian of the target(s) of conversion	Not applicable.	Not applicable.	Not applicable.

(II) Information on Corporate Bonds Maturing Within One Year: Nil.

(III) Status of Outstanding Convertible Corporate Bonds

April 16, 2022

Type of Corporate Bonds	Domestic Convertible Corporate Bond No. 5 (CUSIP: 25425)	
Issue Date	June 8, 2017	
Face Value	NT\$100,000	
Place of issuance and transaction	Taiwan	
Issuing price	Issued at 100.2% of face value	
Total amount	NT\$ 10.02 billion	
Interest rate	0%	
Expiration	5 years. Maturity Date: June 8, 2022	
Assurance agency	Taiwan Cooperative Bank Co., Ltd., Mega International Commercial Bank Co., Ltd., Agricultural Bank of Taiwan Co., Ltd., Chang Hwa 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 (Taiwan) Commercial Bank Co., Ltd.	
Trustee	Land Bank of Taiwan Co., Ltd.	
Underwriting institution	Fubon Securities Co., Ltd	
Certifying attorney	Pang Yee-Ching of Handsome Attorneys-at-Law	
CPA	Accountant Chien Tinuan and Tseng Kuoyang of KPMG Certified Public Accountant Office	
Repayment method	If the bondholder converts the bonds to the Company's ordinary shares in accordance with Article 10 of the Regulations on Issuance and Conversion of Convertible Corporate Bonds, and redeems them in advance by the Company and repurchases them from the business office of the securities firm according to Article 18, or the bondholder sells them back in advance according to Article 19, the bondholder shall be repaid in cash at maturity with interest compensation calculated in addition to the par value of the bonds.	
Outstanding Amount	NT\$12,800 thousand	
Terms of redemption or early repayment	Please refer to the conversion method.	
Restrictions	Please refer to the conversion method.	
Credit rating agency, assessment date and results	Nil.	
Secondary rights	Amount of conversion (exchange or subscriptions) to ordinary shares, oversea depositary receipts, or other securities	NT\$9,987,200 thousand
	Issuing and conversion (or exchange or subscription) method	Please refer to the conversion method.
Potential impact of issuance, conversion, exchange, subscription, or issuing method and conditions on the dilution of equity and existing shareholders' rights	Subsequent to the maturity of convertible bonds, the final conversion date was April 14, 2022. As of the publication date, April 16, 2022, the remaining unconverted bonds amounted to NT\$12,800 thousand, and are no longer eligible for conversion. As such, they shall not pose any dilution effect to the existing shareholder interests.	
Custodian of the target(s) of conversion	Not applicable.	

(IV) Convertible Corporate Bond

Type of corporate bond		Domestic Convertible Corporate Bond No. 5 (CUSIP: 25425)		
Item		Year		
		Year 2020	2021	Current year as of April 16, 2022
Market price of convertible bonds	Highest	124.50	133.60	141.00
	Lowest	106.30	115.50	124.60
	Average	113.40	125.36	130.40
Conversion price		On October 2, 2021, the conversion price was adjusted from NT\$37.5 per share to NT\$35.9 per share.		
Issuance date and conversion price on issuance date		June 8, 2017 Conversion price at NT\$57.1 per share.		
Conversion obligation (Note 3)		Issuance of new shares	Issuance of new shares	Issuance of new shares

(V) Exchangeable bond: Nil.

(VI) Issuance of corporate bond under a shelf registration: Nil.

(VII) Corporate bonds with warrants: Nil.

III. Preferred Shares: Nil.

IV. Overseas Depository Receipts: Nil.

V. Employee Stock Options and New Restricted Employee Shares: Nil.

VI. New Shares Issuance in Connection with Merger and Acquisition: Nil.

VII. Financial Plans and Implementation:

(I) Content of the plan

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: Nil.

(II) Implementation of the plan

The comparison between the implementation and the expectation effectiveness of the use stated in the plans of preceding paragraphs with the analysis as until the quarter prior to the publication date of the annual report.

1. To make bank loan repayment, on January 14, 2021, the Company issued 2021 first

secured ordinary corporate bonds with par value of NT\$2 billion. The fund raising had been completed and the bank loan had been repaid in full. The benefit has begun to show.

2. To repay 2016 first secured ordinary corporate bonds, on January 14, 2021, the Company issued second secured ordinary corporate bonds with par value of NT\$2 billion. The fund raising had been completed. On April 12, 2021, the repayment had been made in full.
3. To make bank loan repayment and repay 2016 third secured ordinary corporate bonds, on September 15, 2021, the Company issued 2021 third secured ordinary corporate bonds with par value of NT\$3 billion. The fund raising had been completed. On November 29, 2021, the repayments had been made in full.

Five. Operational Highlights

I. Business Activities

(I) Business Activities

1. Main fields of business:

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

- (1) H701020 Industrial Factory Buildings Lease Construction and Development
- (2) H701040 Specialized Field Construction and Development
- (3) H701060 Public Works Construction and Investment
- (4) H701070 New County and Community Construction and Investment
- (5) H703010 Factory Building Rental and Leasing
- (6) H703020 Warehouse Rental and Leasing
- (7) H703030 Office Building Rental and Leasing
- (8) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

2. Weighting of business activities:

Units: NT\$ '000; %

Activities \ YEAR	2020		2021	
	Amount	Weight (%)	Amount	Weight (%)
Construction	22,755,194	93.02	43,935,003	99.22%
Construction	1,583,139	6.47	268,364	0.60%
Departmental stores:	124,685	0.51	78,698	0.18%
Total	24,463,018	100.00	44,282,065	100.00%

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

(1) Existing products and services

Apartment buildings: Apartments, suites, and parking spaces.

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

(2) New products and services in development

The Company will continue to buy land and promote cases in Keelung, Taipei, New Taipei City, Taoyuan, Hsinchu, Taichung, Tainan, Kaohsiun in the future, In addition, to satisfy the market's growing demands for the tourism & leisure industry and develop industry in food service, shopping mall, hotel and so on. We expect that the revenue can have a breach through diversity management.

(II) Industry Overview

1. Industry status and overview

In 2021, the COVID-19 pandemic had improved internationally. With an easing monetary policy, global trading and economies continued to recover. Domestic economic growth even climbed as high as 6.28%. The construction industry consistently benefitted from a low interest rate environment, ample capital momentum and Taiwanese businesses returning to make investments. Although policies to suppress housing price were still sustained by the government, the overall industry continued to grow.

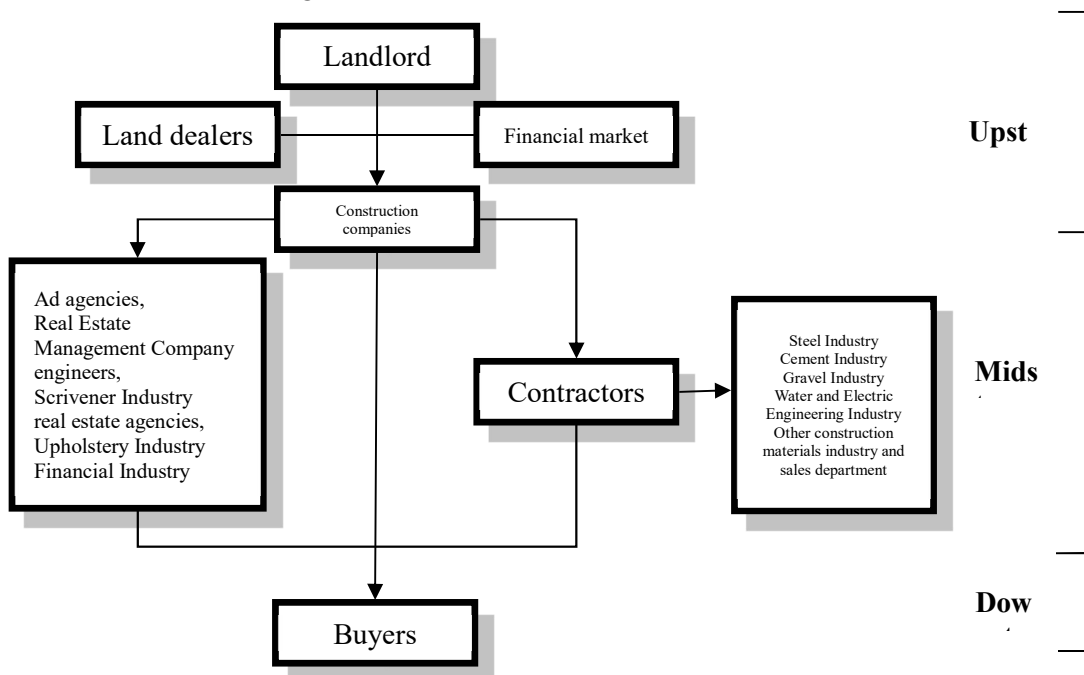
The number of new units rolled out in 2021 dropped by 12.95% as compared to 2020. The sales of houses still reached 348 thousand units, seeing a growth for five consecutive years and a record high since 2014. This proved a solid increasing demand and returning of asset buyers. The industry outlook was steadily developing. For land transactions, in 2021, the yearly growth of land transactions increased by 4% and the transaction prices were elevated and frequently of record high. The main buyers were construction companies, proving land for roll-outs in the future are sufficient.

Looking forward, in 2022, due to domestic inflation and varying recovery degrees for different industries, the Directorate General of Budget, Accounting and Statistics (DGBAS) forecast the economic growth for 2022 of approximately 4%. On March 17, 2022, the Central Bank launched a rate hike cycle, announcing an increase in interest rate by 0.25 percentage points. The rediscount rate, rate on accommodations with collateral and rate on accommodations without collateral were increased by 0.25 percentage points each, to 1.375%, 1.75% and 3.625% respectively, ending seven consecutive freezes on the interest rate policy. Furthermore, with the continuation of policy in suppressing housing prices by the government, it is estimated that housing prices of some of the overheated area and the number of housing sales units shall see a slight fall. However, due to the overall industry environment whereby land, raw material and labor costs are all on the rise, housing prices shall remain high.

2. Relationship among the industry's up-, mid-, and downstream

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. As for 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 the buyer. The relationship among the industry’s up-, mid-, and downstream is illustrated in the diagram below:



3. Product development trends

- (1) 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.
- (2) 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.
- (3) 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.
- (4) Due to the pandemic, the hotel industry has undergone an upheaval. As per 2022 Sightseeing Tourism Trend Report issued by Lion Travel, many consumers are willing to spend a higher budget to enjoy more high-class sightseeing and accommodation services. Meanwhile, the Group shall partner with international hotel brands to roll out more five-star hotels so as to provide more product diversity for the Group.

4. 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, Taoyuan, Hsinchu, 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-add 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. For hotels, the Company shall collaborate with Grand Hyatt Group and Marriott Corporation to roll out five-star hotel products. Integration with resources of international hotel corporations is able to minimize negative effects of external competition.

(III) Overview of Technology and R&D

The Company has no in-house R&D department within the main construction business division.

1. Technology know-hows and research outlook

(1) Construction business division

a. Construction design:

The Company shall conduct a thorough assessment of the product locations, characteristics of their surrounding areas and consumer needs, and roll out appropriate commercial properties or residential products. Furthermore, with the advancement of technology, the Company shall consistently import and develop environmental construction materials from various countries, and devise plans to design products of the finest quality to satisfy the ever-changing market demands.

b. Construction management

The Company shall consistently research on different construction technologies, adopt the most appropriate construction and project management methods, impose tight control on quality, costs and progress, and roll out hundred-worker BIM team and new technologies to replace labor needs and reduce the depletion of construction materials.

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.

(2) Hotels:

Aloft Tainan Anping developed by the Group is located in Anping District in Tainan, which is an area opposite the Yizai Jincheng area comprising historical, cultural, dining and entertainment elements. It is the first hotel produced from the partnership with Marriott Corporation. The development progress of various hotels under the Group is as follows:

Hotel	International hotel brand in collaboration	Number of rooms	Progress
Aloft Tainan Anping	Aloft Hotels	115	Opened officially in January 2022
Jinshan Hyatt Regency Hot Spring Hotel	Hyatt Hotels Corporation	211 (estimated)	Construction completed before February 2023 (estimated)
Kaohsiung Hyatt Regency	Hyatt Hotels Corporation	173 (estimated)	Construction completed beginning of 2024 (estimated)

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

1. 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.

2. Long-term plan

As the capital of the Company reaching a certain scale, it is necessary to consider long-term stable investment options and integrate sustainable development policy. As such, for the long-term business development, the Company plans to utilize part of its capital for long-term investments, manage or engage external agent to manage properties, e.g. real estate for leisure and tourism, commercial real estate. In respond to an aging Taiwan society, the Company is prepared to develop old age support residential products and green buildings that integrate comprehensive environmental protection design conception, as well as design conception accommodating environmental co-existence and co-prosperity. 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.

II. Market and Sales Overview

I Market Analysis

1. 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, Taoyuan, Taichung, Tainan, and Kaohsiung. We mainly select areas with convenient transportation, good life functions, and high developmental potentials. Our sales volume has been satisfactory.

2. Market share

For the summary of the Company's operating revenue in 2021, please see the table below:

Top 10 Listed Construction Companies in Terms of Operating Revenue in 2021

Rank	Name of the Company	operating revenue (NT\$ ('000))
1	Highwealth	44,282,065
2	Farglory Group	33,138,325
3	Continental Holdings	26,843,962
4	Kingdom Construction	25,131,745
5	Goldsun Building Materials Co., Ltd	21,801,699
6	Ruentex Group	21,251,038
7	BES Engineering Corporation	17,196,685

8	DACIN Construction	14,812,323
9	Huaku Development Co., Ltd.	13,547,257
10	Prince Housing & Development corp.	12,513,691

Data source: public information observatory

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

(1) 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

According to the studies of Cushman and Wakefield, in 2021, the transaction volume of land market amounted to NT\$289.3 billion, in which, subsequent to 2019 and 2020 exceeding NT\$300 billion for two consecutive years, the transaction volume fell in the third. The percentages of residential, commercial and industry lands amounted to 40%, 40% and 20% respectively for three consecutive years. The transaction volume for residential and commercial lands amounted to approximately NT\$250 billion. Of which, the real estate developers remained the main buyers in the domestic land market in 2021, proving unwavering confidence in the future housing market.

b. Number of construction licenses and building user permits issued

The Building Act stipulates that new construction, addition, reconstruction and repair of buildings all require construction permits. Relevant statistics are the leading indicators used to observe the prosperity of construction industry in Taiwan. The number of housing construction permits issued (excluding farmhouses) amounted to 160,039 units in 2020 and 169,651 units in 2021, which were record highs since 1994. The newly built housing will be facing pressure from mismatch of supply and demand. The number of housing user permits (excluding farmhouses) issued amounted to 98,260 units in 2020 and 104,149 units in 2021. Due to deviations from development

schedule, the high volume construction permits issued in 2019 and 2020 has yet to be reflected on the user permit issued.

According to the monthly report from Construction and Planning Agency, Ministry of Interior, the number of construction permits issued for major cities amounted to 136,235 units in 2021, which was an increase of 4,480 units as compared to 131,755 units in 2020. In 2021, the number of user permits issued amounted to 84,792 units, which was an increase of 3,553 units as compared to 81,239 units in 2020.

In 2021, as the central banks of various countries implementing easy monetary policy, due to ample capital and the lowest interest rate environment, the housing market saw a consistent returning of buyers, prompting the confidence of developers. According to the statistics of the Central Bank, the balance of construction loans increased to NT\$2.8566 trillion in February 2022, with the yearly increase of 13.59%, a record high since August 2011. It shows that real estate developers are still buying new lands and launching new cases. With the high number of construction permits issued in 2020 and 2021, new cases were expected to be available for market after 2022, causing an increase in the potential supply of housing market.

Table shows the Housing Construction Permit and Housing User Permit issued

Unit: Number of households, Total floor area(m²)

Area	Item	Housing Construction Permit				Housing User License			
		Year 2021 January- December	Year 2020 January- December	Compared to the same period in the previous year		Year 2021 January- December	Year 2020 January- December	Compared to the same period in the previous year	
				(%)	Rank			(%)	Rank
Taipei City	Number of approved households	11,304	9,720	16.30%	6	4,544	4,835	-6.02%	7
	Total Floor Area	1,548,924	1,334,501	16.07%	6	684,310	692,094	-1.12%	7
New Taipei City	Number of approved households	23,916	26,916	-11.15%	2	18,224	14,220	28.16%	1
	Total Floor Area	3,343,021	3,381,902	-1.15%	3	2,380,311	1,890,759	25.89%	2
Taoyuan City	Number of approved households	23,316	22,233	4.87%	3	15,314	14,604	4.86%	3
	Total Floor Area	3,370,089	3,337,234	0.98%	2	2,138,696	2,146,149	-0.35%	3
Hsinchu City and County	Number of approved households	8,633	11,143	-22.53%	7	7,780	7,941	-2.03%	6
	Total Floor Area	1,362,575	1,704,469	-20.06%	7	1,187,588	1,253,920	-5.29%	6
Taichung City	Number of approved households	32,484	33,861	-4.07%	1	15,738	18,097	-13.04%	2
	Total Floor Area	5,215,221	5,050,303	3.27%	1	2,569,592	1,711,402	50.15%	1
Tainan City	Number of approved households	18,564	13,800	34.52%	4	12,965	7,457	73.86%	4
	Total Floor Area	2,646,124	2,069,086	27.89%	4	1,926,360	1,324,914	45.40%	4
Kaohsiung	Number of approved households	18,018	14,082	27.95%	5	10,227	14,085	-27.39%	5
	Total Floor Area	2,401,666	1,935,000	24.12%	5	1,412,783	2,344,125	-39.73%	5

Source: Construction and Planning Agency, Ministry of the Interior.

c. Property roll-out

In 2021, the number of new units rolled out amounted to 80,716 units and the total value of the new units amounted to NT\$1,300 billion, in which, both saw a decrease from 2020. On further observation of the performance of different regions, since the pandemic in Taipei City stabilized, the housing market began to pick up. With the city government promoting urban renewal, reconstruction projects of urban unsafe and old buildings had become the main driving force, with the number and value of new renewed units increased as compared to 2020. The price per ping of main products amounted to over NT\$1 million. In New Taipei City, as the housing prices was on an upward trend, the reluctance to sell was also high. The number of new units rolled out fell by 14.16% as compared to 2020 and the price per ping of main products amounted to over NT\$500 thousand. In Taoyuan, due to an increase in population migration, and the construction of metro stations and public infrastructure, the housing market was also on an upward trend. The number and

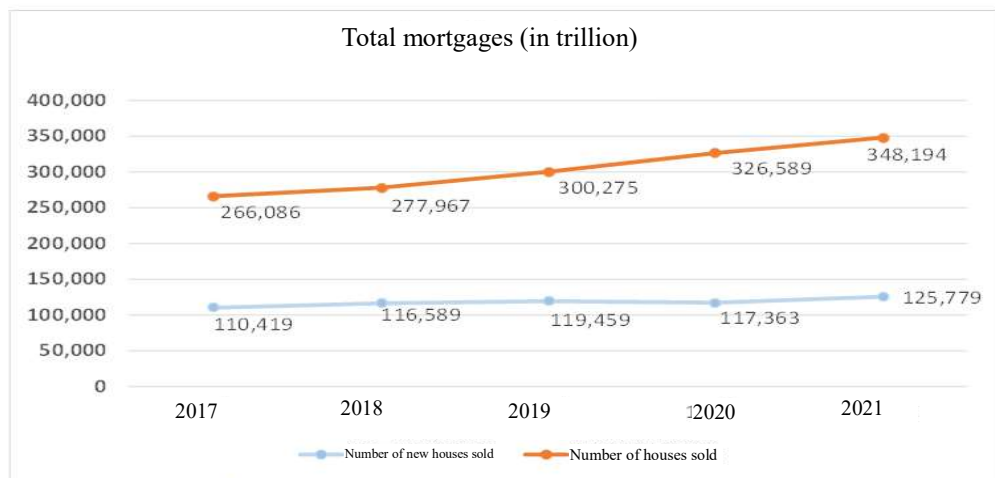
Item	Nationwide	Taipei City	New Taipei City	Taoyuan City	Hsinchu City and County	Taichung City	Tainan City	Kaohsiung
Number of houses rolled out in 2021	80,716	5,873	18,663	15,176	3,892	21,157	6,583	9,372
Number of houses rolled out in 2020	92,727	5,387	21,742	16,004	4,974	18,392	11,236	14,992
Value of houses rolled out for 2021 (in NT\$100 million)	13,000	2,755	3,298	1,830	644	2,536	754	1,183
Value of houses rolled out for 2020 (in NT\$100 million)	13,249	2,386	3,449	1,985	586	1,913	987	1,943
Change in number of houses rolled out for two years	-12.95%	9.02%	-14.16%	-5.17%	-21.75%	15.03%	-41.41%	-37.49%
Change in value of houses rolled out for two years	-1.88%	15.47%	-4.38%	-7.81%	9.90%	32.57%	-23.61%	-39.11%

Data source: 2021Q4 Cathay House Price Index

value of new units rolled out were higher than the base period, but fell slightly if compared to 2020. The price per ping of main products amounted to over NT\$300 thousand. In Hsinchu County, the number and value of new renewed units decreased by 21.75% and increased by 9.9% respectively. The price per ping of main products amounted to over NT\$300 thousand. In Taichung City, with increasing construction of transportation and public infrastructure, the city also saw an increase in population migration. The intent to buy remained high. The number of new units rolled out increased by 15% as compared to 2020, and the value of new units rolled out shot up by more than 32%, which came on top of the six municipalities. The price per ping of main products fell between NT\$250 thousand to NT\$400 thousand, and over NT\$400 thousand. In Tainan, as the base period started out high, the number and value of new units rolled out decreased by 41.41% and 23.61% respectively. The price per ping of main products amounted to over NT\$250 thousand. In Kaohsiung City, due to the establishment of TSMC plant, the reluctance to sell remained high. The number and value of new units rolled out decreased by 37.49% and 39.11% respectively, whilst the price per ping of main products amounted to over NT\$300 thousand.

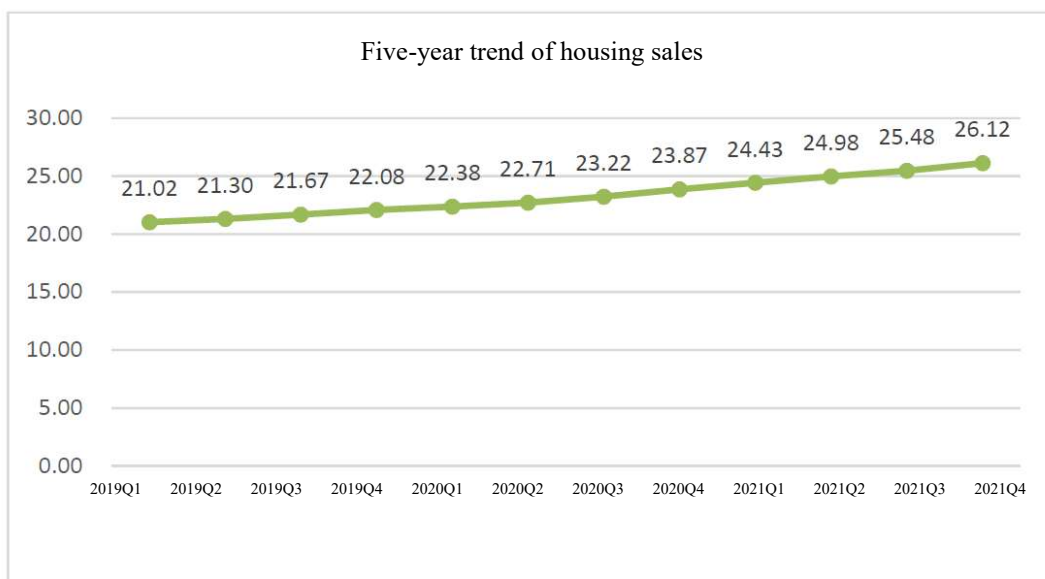
(2) Demand

In 2021, as the COVID-19 pandemic came under control, the intent to buy properties began to rise. The sales of houses amounted to 348 thousand units, which was a record high in eight years and an increase of 6.62% as compared to 2020. The sales of new houses amounted to 126 thousand units, which was an increase of 7.17% as compared to 2020. Furthermore, unsold completed units underwent a negative growth and the low electricity-use residential units also fell, proving a solid demand in supporting the increase in sales of properties and reduction in unsold completed units.



Data source: MOI

According to the statistics of the Central Bank, from 2019Q1 to 2021Q4, the housing loan kept climbing to new highs. In 2021, the balance of housing loan amounted to NT\$101 trillion, which saw an increase of NT\$8.82 trillion from NT\$92.18 trillion in 2020. The growth rate amounted to 9.57%. This proved that the housing demand has been picking up steam in recent years and the real estate demand continues to grow.



Data source: Central Bank of the Republic of China (Taiwan)

In Taipei City, the housing prices remain high and the age of buildings is also high in general. Furthermore, as the metro network of the city is mature and transportation is convenient, population migration out of the city has become much evident. According to the population statistics of Taipei City Government, between 2016 and 2021, the city saw, on average, 30 thousand people moving out of the city every year. In 2020 and 2021, the numbers reached 43 thousand and 78 thousand respectively, which were record high in years. In March 2022, the number dropped by 34 thousand as compared to December 2021, leading the total population to fall below 2.5 million people. Due to outward population migration from Taipei City, the housing demand of other cities and counties, even other municipalities, is expected to grow continuously.

YEAR	Population	Number of households	Average per household Population	Increase/decrease of population
2015	2,704,810	1,043,948	2.59	2,495
2016	2,695,704	1,047,284	2.57	-9,106
2017	2,683,257	1,050,755	2.55	-12,447
2018	2,668,572	1,056,233	2.53	-14,685
2019	2,645,041	1,060,880	2.49	-23,531
2020	2,602,418	1,061,000	2.45	-42,623
110	2,524,393	1,052,596	2.40	-78,025
111/03	2,490,445	1,045,646	2.38	-33,948

Data source: Department of Civil Affairs, Taipei City Government

(3) Growth

Looking forward, in 2022, DGBAS forecast the economic growth to still reach 4%. As the global economy recovering and Taiwanese businesses returning, the housing prices are not expected to fall. The overall housing market is still picking up steam despite the outward population migration from Taipei City. The phenomenon shall become more evident with the construction of major transportation and public infrastructure, or in areas with flourishing industry. Judging from the total units sold and new units changing hand, since 2017, an upward trend has been forming, proving the construction industry is growing steadily. Furthermore, as the base period of stock market is high, the psychology to turn to housing market for risk hedging and value preservation, and an increase in solid demand for properties shall benefit the development of the construction industry.

According to the studies of CBRE Group, in 2021, the accumulated transaction value of commercial properties and land amounted to NT\$425.6 billion (transaction value of commercial properties amounted to NT\$133.8 billion and land amounted to NT\$291.8 billion), which may be comparable to 2020, but remained a record high. Apart from the manufacturing sector whose purchases amounted to NT\$112 billion and were inclined for self-use, the local construction businesses continued to purchase land, which amounted to

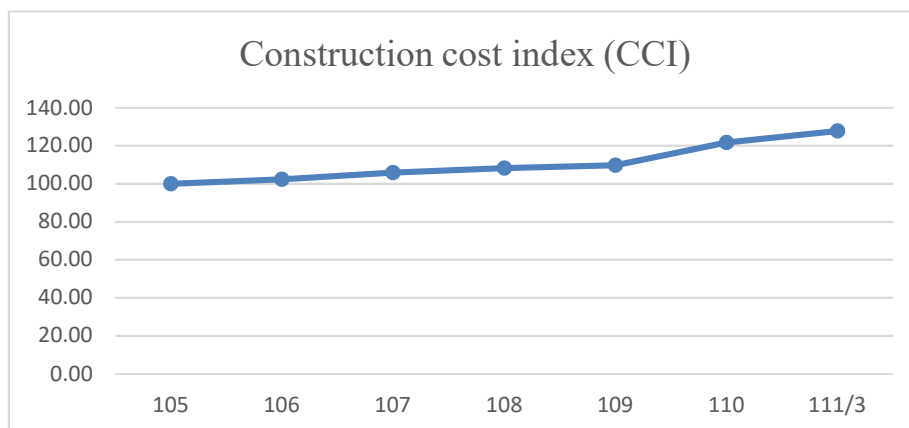
NT\$221.5 billion, proving the demand for real estate is picking up steam.



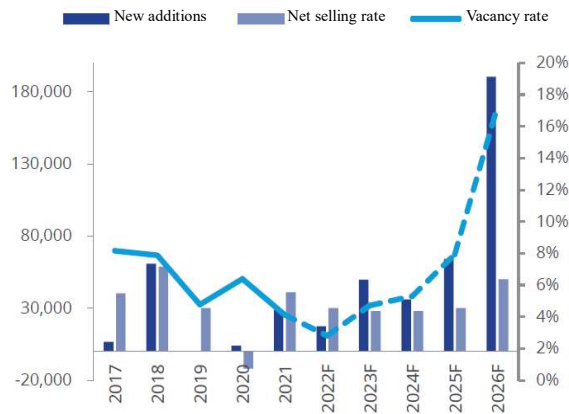
Data source: CBRE Group

For the leasing market of commercial properties in Taipei City, in recent years, Taiwanese businesses continue to return and the economy of the country is growing. Therefore, the vacancy rate is falling whilst rental is rising. In 2022, economic forecast shows that the fundamentals are going strong. Furthermore, the demand for commercial properties driven by businesses continues to grow, which shall be beneficial for the momentum of property leasing market.

With a bubbling inflation, returning Taiwanese businesses, low interest rate and ample hot money, the real estate price index continues to climb to record high. According to DGBAS and Construction and Planning Agency, the domestic construction costs rise consistently, labor shortage persists, and developers buy lands continuously, causing land transaction prices to increase. These problems facing developers make housing prices remain high.

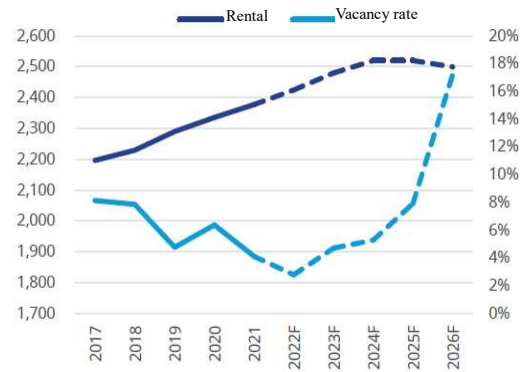


Supply and net sell rate of office buildings in Taipei City for 2017 - 2026 (ping)



Source: Colliers

Trend of vacancy rate and rental in Taipei City for 2017 - 2026 (NT\$ monthly per ping)



Source: Colliers

Data source: DGBAS

(4) 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. Leading construction technologies in the industry.
- e. Precise control of construction quality, progress, and costs.

(5) Long-term opportunities, threats, and our countermeasures

a. Opportunities

- ① According to the Central Bank, in February 2022, housing loan interest rates of five major banks amounted to 1.367%, which was still in historic low relatively.
- ② In May 2021, the government amended the Urban Renewal Act, Article 57, to authorize local governments to adopt the Building Act for demolition mechanism, give out more floor area ratio bonus and expedite urban renewal review to accelerate urban renewal projects and reconstruction projects of urban unsafe and old buildings.
- ③ The government has launched a three-year program (2019 to 2021), “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan”. The program has managed to attract 254 Taiwanese businesses or a total of NT\$1,038.4 billion to return to Taiwan, creating over 80 thousand job opportunities and surpassing the original target by 50 businesses. In December 23, 2021, the government announced a three-year extension for the program to

end of 2024. The measure shall continue to drive the industrial real estate demand simultaneously, motivating the businesses of supply chain to make further investments. This shall continue to benefit the demand for commercial and industrial real estate.

b. Threats

① Implementation of New Transaction Price Registration 2.0 and Integrated Housing and Land Tax Policy 2.0.

② The trend of non-performing loans ratio of mortgage loan will still have impact on the control from Financial Supervisory Commission to the business of mortgage loan of banks.

③ Interest rate and housing policies of the Central Bank:

i The Central Bank initiated the first rate hike cycle in 10 years, and has raised interest rates by 0.25 percentage points. In the future, influenced by the rate hike pace of the US, the Central Bank may continue to accelerate the rate hike domestically.

ii The Central Bank launched the selective credit control on housing market in 2021. Its four major regulations are as follows:

(i) For the corporate buyers, the loan-to-value (LTV) ratio shall be capped at 40% for their first property and 40% for second and more properties, and grace period is not allowed.

(ii) For natural persons, the LTV shall be capped at 40% for the third property without grace period; the LTV shall be capped at 40% for high-priced residential properties without grace period. Furthermore, if the borrower is unable to start construction within 18 months, the loan shall be repaid gradually under reasonable proportion and shall adopt a yearly tier rate.

(iii) For land financing, the LTV shall be capped at 50% of their value and 10% of the loan is set aside for construction. A concrete development plan is required.

(iv) For unsold completed units, the LTV shall be capped at 40%.

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, create diversity and lower business risks.

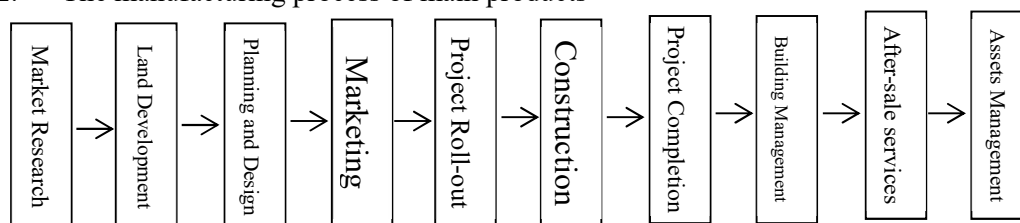
③ Enforce “just-in-time” zero inventory policy and selling policy to maximize returns on invested capital (ROIC).

II Main Products and Manufacturing Process

1. Major products and their main uses

- (1) Luxury apartment buildings: apartments, suites, parking spaces.
- (2) Luxury office buildings: storefronts, malls, suites, parking spaces.

2. The manufacturing process of main products



III Supply of Major Source Materials

1. 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 Kaohsiung, we will seek joint construction opportunities, form strategic alliances, and partake in urban renewal projects or MRT joint development. There will be no shortage of land.
2. 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.
3. 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.

IV Major Suppliers and Clients

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

Unit: NT\$ ('000)

Item	2020				2021			
	Name	Amount	Percentage (%)	Relation	Name	Amount	Percentage (%)	Relation
1	TAH HSIN INDUSTRIAL	8,375,890	18.87%	Nil	-	-	0.00%	Nil
2	Others	36,001,944	81.13%	Nil	Others	54,949,514	100.00%	Nil
	Net Purchase	44,377,834	100.00%		Net Purchase	54,949,514	100.00%	

Note 1: List the suppliers with at least 10% of annual order volume in the previous two years, and the purchase amount and proportion. However, if it is not allowed to disclose the name of the supplier due to the contract agreement or if the trading partner is an individual who is not a related person, it can be listed in the form of code.

Note 2: When preparing the consolidated financial statements, the transactions between the consolidated

enterprises have been written off.

Note 3: As of the publication date of annual report, the Q1 financial information is yet to be audited.

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.

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

Unit: NT\$ thousand

Item	2020				2021			
	Name	Amount	Percentage (%)	Relation	Name	Amount	Percentage (%)	Relationship to issuer
1	Others	24,463,018	100.00%	Nil	Others	44,282,065	100.00%	Nil
	Net Sales	24,463,018	100.00%		Net Sales	44,282,065	100.00%	

Note 1: List the clients with at least 10% of annual sales volume in the previous two years, and the amount and proportion of the sales. However, if it is not allowed to disclose the name of the client due to the contract agreement or the trading partner is an individual who is not a related person, it can be listed in the form of code.

Note 2: When preparing the consolidated financial statements, the transactions between the consolidated enterprises have been written off.

Note 3: As of the publication date of annual report, the Q1 financial information is yet to be audited.

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.

V Production in the Last Two Years

Unit: NT\$ thousand

Product	Year	2020		2021	
		Volume of Production	Value of Production	Volume of Production	Value of Production
Housing		1,515 households	10,284,666	4,589 households	28,178,476
Construction		—	1,502,317	—	255,285
Others		—	3,585,359	—	165,293
Total		—	15,372,342	—	28,599,054

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. Others refer to costs of lease and sales of empty land.

VI (Sales in the Last Two Years)

Unit: NT\$ thousand

Product	2020		2021		2020		2021	
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Housing	1,105 households	17,455,488	—	—	4,924 households	43,812,116	—	—
Construction	—	1,577,561	—	—	—	262,762	—	—
Others	—	5,429,969	—	—	—	207,187	—	—
Total	—	24,463,018	—	—	—	44,282,065	—	—

Note: 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 lease or sales of empty land.

III. Human Resource Information(Ratio of employees in service, average years of service, average age and education) in the last two years up until the publication date of the annual report

Consolidated human resource information of the Company and subsidiaries in the last two years as of April 16, 2022:

YEAR		2020	2021	April 16, 2022
Number of Employees	Employee	965	898	840
	Engineers	370	368	385
	Total	1,355	1,266	1,225
Average age		37.6	38.4	38.3
Average years of service		4.5	5.1	5.2
Educational Background	PhD	0%	0	0
	Master's	7.27%	6.71%	6.94%
	College	81.80%	83.10%	82.37%
	High School	10.34%	9.64%	9.96%
	Below high school	0.59%	0.55%	0.73%

IV. Environmental Protection Expenditure

I 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 supervisory role, and therefore, did not recognize any losses from environmental pollution penalties during the last year and up to the publishing date.

II 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 supervisory 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.

III Contingent Liability in Environmental Protection: Nil.

V. Labor Relations

I 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 Staff Benefit 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:

- | | |
|--|--|
| 1. Holiday bonuses | 6. Pension |
| 2. Wedding gifts and funeral solarium | 7. Performance bonus |
| 3. Uniforms | 8. Bonus Allocation |
| 4. Employee housing discounts | 9. Year-end banquet |
| 5. Labor insurance, health insurance and group insurance | 10. Other benefits defined by the Staff Benefit 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. Employees can take these courses on their own initiative or with the recommendation of their supervisors. The training program includes:

1. 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.

2. On-job training and further training

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

(2) The Company can hold irregular educational training in accordance of the need for the employees, the employees can take these courses on their own initiative or with the recommendation of their supervisors.

3. Training for new hires in the Company and subsidiaries in the recent year:

Name of the Company	Unit	Target	Training Program	Hours
Highwealth Construction	Administration Department	New recruits	Orientation training and training on leave application system (monthly)	2
	Administration Department	New recruits	Guidance on corporate culture (monthly)	2
	Administration Department	All employees	Yearly first-aid training in office (offline/online)	2
	Administration Department	All employees	Health talk - How to lose weight healthily (online)	2
	Administration Department	All employees	Yearly occupational safety and health training (offline/online)	2
	Administration Department	New recruits	Occupational safety and health training for new recruits (monthly)	2
	Administration Department	All employees	Visit to construction projects in northern area, and observation and learning on construction projects	32
	Administration Department	Human resource personnel	Identification of occupational hazard	3
	Administration Department	Human resource personnel	Training on practice of Labor Incident Act and Labor Standards Act	6
	Administration Department	Human resource personnel	2021 Seminar on regulations pertaining to labor insurance and labor occupational accident insurance	3
	Administration Department	New recruits	Information security training for new recruits (monthly)	12
	Administration Department	IT personnel	Training on practice of Business Process Management (BPM)	12
	Sales Department	New recruits	Training for demonstrating AHM system	8
			Training on administration of operating cycle	30
		Staffs in Department of Planning	Trend of MarTech sales technology	8
			Facebook and keyword digital advertisement	6
Department of Planning	Staffs in Department of Planning	Seminar on construction site visitation marketing	104	

Name of the Company	Unit	Target	Training Program	Hours
			Visit to Hua Yueh City aluminum template site	8
			Visit to aluminum template factory in Yingge District	8
	Accounting Department	New recruits	Employee Internal Educational Training	4
			Training for demonstrating ACM system	8
		Accounting Personnel	Seminar for Financial and Taxation Practice of Urban Renewal	4
			Seminar on ISAE 3000 and assurance reporting (IAASB and ESG)	2
			IFRS Adoption Seminar	12
	Audit Office	Internal audit personnel	1. Change in Practice of Materiality Standard for Financial Statements Misrepresentation and Identification of Director and Supervisor Duties 2. Legal Liability of Corporate Fraud and Practice of Investigation and Trial	6
			Internal audit, internal control and practice of Personal Data Protection Act	6
			Seminar of Listed company's bushiness.	3
			2021 Annual Defense Insider Promotion Conference	3
			2021 Seminar for Legal Compliance of Insider Trading	3
			Legal compliance and audit practice on corporate investment, merger and acquisition	6
			Discussion on development and digital trend of internal control, internal audit and legal compliance	6
	Finance Department	Service Personnel	2021 Seminar for Insider Trading Prevention and Insider Ownership Transaction	3
			2021 Annual Defense Insider Promotion Conference	3
			Seminar of Listed company's bushiness.	3
Island-wide	Executives	Prevention of insider trading, ethical management and risk management	3	
Run Long Construction	Finance Department Accounting unit Stock transfer unit	Finance and Accounting Personnel	2021 Accounting Officers of Issuers, Securities Firms, and Securities Exchanges—Continued Training	3
			IFRS Adoption Seminar	12
			2021 Seminar for Legal Compliance of Insider Trading (online training)	3
			Seminar of Listed company's bushiness.	3
			How to interpret financial information in audit process and analyze fraudulent financial statement	6
			Internal audit, internal control and practice of Personal Data Protection Act	6
	Chairman Office Internal audit unit	Internal audit personnel	Internal audit practice on regulatory compliance	6
			Internal audit, internal control and practice of Personal Data Protection Act	6
			Workshop on intellectual property management and relevant internal audit measures	3
			How to interpret financial information in audit process and analyze fraudulent financial statement	6

Name of the Company	Unit	Target	Training Program	Hours
			2021 Annual Defense Insider Promotion Conference (online training)	3
	Sales Department	Sales personnel	Orientation training on occupational safety and health matters for supervisors	6
Jin Jyun Construction	Entire company	New recruits	orientation training	1
	All construction sites in Taiwan	Engineers	Basic Engineering Education Training	6
	All construction sites in Taiwan	Deputy Director or higher	Advanced Engineering Professional Training	14
	Construction sites in the northern and southern areas	Deputy Director or higher	Training of cross observation in construction site	8
	Construction sites in the central area	Deputy Director or higher	Training of cross observation in construction site	16
	All construction sites in Taiwan	Director or higher	Potential Special Training Camp	16
Bo-Yuan Construction Corporation	Administration Department	New recruits	Orientation training and training on leave application system	2
	Administration Department	All employees	Visit to construction projects in northern area, and observation and learning on construction projects	32
	Department of Marketing	Store managers of Family Mart	Training on store matters	40
Chyi Yuh Construction	Management Office	New recruits	Corporate system and operational system	1
Well Rich	Administration Department	All employees	Visit to construction projects in northern area, and observation and learning on construction projects	32
	Hotel Department	All employees	Training in Marriott branding	20
	Hotel Department	Personnel of different departments	Training of departmental functions	40
	Hotel Department	Hotel personnel	Training for safety and health	24
	Hotel Department	Hotel personnel	Training on safety and health for operators of level B boiler	4
Ju Feng	Administration Department	New recruits	Orientation training and training on leave application system	2
	Administration Department	All employees	Visit to construction projects in northern area, and observation and learning on construction projects	32
	Department of Agency Sales	Personnel of individual case	Seminar on sales	40

4. Off-site training received by employees in the Company and its subsidiaries in the recent year:

(1) Training on corporate governance received by managers:

Company Name	Position	Name	Held by	Training Program	Hours
Highwealth Construction	Supervisor of Corporate Governance	Lin Wenlong	Securities & Futures Institution	Discussion of Board Functions from the Perspective of Corporate Fraud Prevention	3
			Securities & Futures Institution	Practice of Corporate Merger and Acquisition - Hostile Take Over	3
			Securities & Futures Institution	Type Analysis and Early Warning of Financial Risk	3
			Securities & Futures Institution	Discussion of Board Functions from the Perspective of Corporate Fraud Prevention	3
	Assistant auditing manager	Jie-yun Chiu	The Institute of Internal Auditors	1. Change in Practice of Materiality Standard for Financial Statements Misrepresentation and Identification of Director and Supervisor Duties 2. Legal Liability of Corporate Fraud and Practice of Investigation and Trial	6
			The Institute of Internal Auditors	Internal audit, internal control and practice of Personal Data Protection Act	6
			Taiwan Stock Exchange Corporation	Seminar of Listed company's business.	3
			Taiwan Stock Exchange Corporation	2021 Annual Defense Insider Promotion Conference	3
			Taiwan Stock Exchange Corporation	2021 Seminar for Legal Compliance of Insider Trading	3
	Assistant accounting manager	Li Xiutai	Accounting Research and Development Foundation	IFRS Adoption Seminar	12
RUN LONG Construction	Accounting manager	Ya-mei Lin	Accounting Research and Development Foundation	IFRS Adoption Seminar	12
			Taipei Exchange, Taiwan Stock Exchange Corporation	2021 Accounting Officers of Issuers, Securities Firms, and Securities Exchanges—Continued Training	3

(2) Employee off-site training:

Target	Training Program	Hours
New recruits	orientation training	1
Engineers	Basic Engineering Education Training	8
Deputy Director or higher	Training of cross observation in construction site	8
Deputy Director or personnel higher	Advanced Engineering Professional Training	14
Deputy Director or personnel higher in construction sites	Potential Special Training Camp	16

(III) 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 Staff Benefit Committee to ensure the implementation of employees' welfare programs and rights 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.

The Company has established "Human Rights Policy and Workplace Code of Conduct" to protect employee rights and interests, promote sustainability development, fulfil its CSR, ensure the basic human rights of all employees, and support and conform to international human rights standards and principles.

(IV) Pension system and its implementation status:

The Company has formulated a staff retirement scheme in accordance with the Employee Retirement Measures of the Labor Law. 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) the Company deposits 6% of employees' salary to the individual accounts of labor pension at the Bureau of Labor Insurance as well, if they choose the new scheme. For those who have selected the new scheme, as of March 31, 2022, a total of NT\$32.9 million has been allocated.

II 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 occurred. 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.

VI. Information security management

I Describe the risk management framework, policies and concrete management measures of information security, and resources invested in information security management:

1. Risk management framework for information security

- (1) The Administration Department takes charge of the planning, execution and promotion of information security management, as well as raising awareness on the issue.
- (2) The Internal Audit Division is designated to be the audit unit supervising information security. For example, if a weakness is found during audit, the concerned unit shall be

requested immediately to produce improvement plan and submit to the Board of Directors. Regular follow-ups shall be conducted to trace the improvement progress so as to reduce internal information security risk.

2. Information security policy
 - (1) The Company has established remote backup system and maintained the sustainable operation of various information systems.
 - (2) Prevent hackers, virus attacks and sabotage.
 - (3) Prevent leaks of confidential information.
 - (4) Maintain safety of physical environment.
 - (5) Strengthen protection for internal and external network from attacks.
 - (6) Strengthen education and training, and raise awareness for anti-hacking.
3. Management measures of information security
 - (1) The mainframes and different servers are installed in specialized server rooms.
 - (2) The server rooms are equipped with independent air conditioning to ensure that the computers are operating under appropriate temperature.
 - (3) The mainframes in the server room are connected to uninterruptible and stabilized power supply to ensure that power failure shall not disrupt the operation of computers.
 - (4) Reminder: Require all employees to change their passwords on a regular basis to maintain account security.
 - (5) Information security education: Provide information security case study for the reference of all employees.

II For the most recent year up until the publication date of the annual report, the total losses incurred by the Company due to major information security incident, potential influences and countermeasures. If an estimation cannot be made, the cause(s) should also be disclosed: Nil.

VII. Major contracts

Type	Case	By the consignor	Start date of contract	Main details	Restrictive clauses
Construction (note 1)	Danhai 3	Taisei Corporation	Until warranty expiry	Construction	Nil
	Minzhu	DACIN Construction	Until warranty expiry	Construction	Nil
	Neihu	DACIN Construction	December 2012 to warranty expiry	Construction	Nil
	Berkely Park	Guoyuan Construction Co., Ltd.	June 2018 to warranty expiry	Construction	Nil
	De'an	Taisei Corporation	Feb. 2019 to warranty expiry	Construction	Nil
	Wanfang, Taipei section	Taisei Corporation	April 2021 to warranty expiry	Construction	Nil
	Xindu section	Sunglory Institution	April 2018 to warranty expiry	Construction	Nil
Joint construction [Note 2]	Gongjian Section	WORLDWIDE FREIGHT TERMINAL INC.	March 2021 - Joint construction completed	Xizhi District, New Taipei City	Nil
	Hui Guo III	New Shimao and Chung Cheng	November 2021 - Joint construction completed	Xitun District, Taichung City	Nil
	Zhonghe Yuantong	Chuangding Construction Co., Ltd.	December 2015 - Joint construction completed	Zhonghe, New Taipei	Nil
	Hsinchu Guangwu	Mr. Zhang et al.	November 2017 - Joint construction completed	Guangwu, Hsinchu	Nil
	Heguan Section, Tainan City	Mr. Hsu et al.	December 2021 - Joint construction completed	Annan District, Tainan City	Nil
	Wenshang Section	Mr. Liu et al.	January 2022 - Joint construction completed	Xitun District, Taichung City	Nil
Joint investment	De'an	Huan Ding Development Hai Ju Construction	April 2013 to completion	Zhongshan, Keelung	Nil
Technical service	Jinshan Hyatt Hotel	HYATT INTERNATIONAL (ASIA)LIMITED	December 2017 to 20 years after opening	Jinshan Hyatt Hotel Entrusted management	Nil
	Kaohsiung Hyatt Hotel	Hyatt International (Asia) Ltd.	March 2018 - 20 years after opening	Kaohsiung Hyatt Hotel Entrusted management	Nil
	Kaohsiung	Southeast Cement Corporation	February 2016 to February 2032	Kaohsiung	Nil

Lease contract	Office	Taiwan Life Insurance Co., Ltd.	5.5 years since January 2021	Taipei City	Nil
Contract for entrusted implementation	Special Trade III	Kaohsiung City Government	February 2022 - Construction completed	Urban Renewal	Nil

Notes: 1. Only includes contracts with value above NT\$ 300 million (before taxes).

2. Joint construction contracts only include contracts with a deposit of NT\$30 million or more.

Six. Financial Profile

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

(I) Condensed Balance Sheet and Consolidated Income Statement

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

Unit: NT\$ thousand

Item	YEAR	Financial Analysis in the Past Five Years (Note 1)					Financial information for the current year up until March 31, 2022
		2017	2018	2019	Year 2020	2021	
Current assets		116,661,850	114,994,540	128,675,512	162,562,921	184,681,133	Note 3
Property, plant and equipment		2,366,802	3,288,941	3,039,648	1,164,500	4,456,087	Note 3
Intangible assets		26,558	25,054	24,718	25,692	24,313	Note 3
Other assets		5,050,660	12,592,556	16,083,667	17,054,245	14,354,060	Note 3
Total assets		124,105,870	130,901,091	147,823,545	180,807,358	203,515,593	Note 3
Current liabilities	Before distribution	63,862,328	61,659,364	77,558,356	115,378,276	131,735,958	Note 3
	After distribution	67,945,521	65,742,558	78,724,985	117,960,203	Note 2	Note 3
Non-current liabilities		25,932,472	29,139,579	35,822,007	29,628,564	26,064,234	Note 3
Total liabilities	Before distribution	89,794,800	90,798,943	113,380,363	145,006,840	157,800,192	Note 3
	After distribution	93,877,993	94,882,137	114,546,992	147,588,767	Note 2	Note 3
Interests attributable to parent company owner		30,692,772	34,180,147	30,396,294	32,121,924	40,723,869	Note 3
Capital		11,666,266	11,666,266	11,666,288	12,902,969	13,927,531	Note 3
Capital surplus		2,572,169	304,459	424,474	680,821	3,609,808	Note 3
Retained earnings	Before distribution	16,518,372	21,765,756	17,856,715	18,089,249	23,621,566	Note 3
	After distribution	14,777,765	17,682,562	16,690,086	15,507,322	Note 2	Note 3
Other interests		5,394	510,427	532,627	535,453	538,747	Note 3
Treasury stock		(69,429)	(66,761)	(83,810)	(86,568)	(973,783)	Note 3
Non controlling interests		3,618,298	5,922,001	4,046,888	3,678,594	4,991,532	Note 3
Equity:	Before distribution	34,311,070	40,102,148	34,443,182	35,800,518	45,715,401	Note 3
Total amount	After distribution	30,227,877	36,018,954	33,276,553	33,218,591	Note 2	Note 3

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

Note 2: The earning distribution for 2021 has yet to be approved by the Shareholders' Meeting.

Note 3: As of the date of publication of the annual report, the financial information as of March 31, 2022 is yet to be audited.

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

Unit: NT\$ thousand

Item \ YEAR	Financial Analysis in the Past Five Years (Note 1)					Financial information for the current year up until March 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	18,670,048	44,204,971	23,798,201	24,463,018	44,282,065	Note 2
Gross profit from operations	4,973,067	13,172,878	6,649,337	6,851,279	13,725,540	Note 2
Operating income	2,631,174	9,503,362	3,505,992	4,136,357	10,014,960	Note 2
Non-operating income and expenses	101,839	(52,490)	445,780	(820,200)	1,181,743	Note 2
Income from continuing operations before income tax	2,733,013	9,450,872	3,951,772	3,316,157	11,196,703	Note 2
Net profit of continuing business units for the current period	2,442,625	8,738,331	3,489,017	2,823,254	9,589,110	Note 2
Income of suspended business unit	–	–	–	–	–	Note 2
Net income	2,442,625	8,738,331	3,489,017	2,823,254	9,589,110	Note 2
Other comprehensive profits and losses (Net value after tax)	7,723	47,527	22,003	2,613	14,387	Note 2
Total comprehensive income	2,450,348	8,785,858	3,511,020	2,825,867	9,603,497	Note 2
Profit, attributable to owners of parent company	1,929,261	6,856,144	3,029,789	2,645,801	8,186,868	Note 2
Net income attributable to non-controlling interests	513,364	1,882,187	459,228	177,453	1,402,242	Note 2
Total comprehensive income attributable to stockholders of the parent	1,936,984	6,903,671	3,051,792	2,648,414	8,201,255	Note 2
Total comprehensive income attributable to non-controlling interests	513,364	1,882,187	459,228	177,453	1,402,242	Note 2
Earnings per share	1.69	6.01	2.42	2.11	6.45	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, the financial information as of March 31, 2022 is yet to be audited.

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

Unit: NT\$ thousand

Item	Year	Financial analysis for the past five years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		78,468,299	81,568,176	90,297,954	117,780,867	130,457,354
Property, plant and equipment		521,707	859,716	899,210	437,576	425,156
Intangible assets		5,407	4,816	3,190	2,757	3,742
Other assets		7,540,001	14,569,091	18,374,522	17,955,274	19,132,500
Total assets		86,535,414	97,001,799	109,574,876	136,176,474	150,018,752
Current liabilities	Before distribution	37,844,505	39,901,023	55,926,126	83,419,739	92,328,394
	After distribution	41,927,698	43,984,217	57,092,755	86,001,666	Note 2
Non-current liabilities		17,998,137	22,920,629	23,252,456	20,634,811	16,966,489
Total liabilities	Before distribution	55,842,642	62,821,652	79,178,582	104,054,550	109,294,883
	After distribution	59,925,835	66,904,846	80,345,211	106,636,477	Note 2
Interests attributable to parent company owner		30,692,772	34,180,147	30,396,294	32,121,924	40,723,869
Capital		11,666,266	11,666,266	11,666,288	12,902,969	13,927,531
Capital surplus		2,572,169	304,459	424,474	680,821	3,609,808
Retained earnings	Before distribution	16,518,372	21,765,756	17,856,715	18,089,249	23,621,566
	After distribution	14,777,765	17,682,562	16,690,086	15,507,322	Note 2
Other interests		5,394	510,427	532,627	535,453	538,747
Treasury stock		(69,429)	(66,761)	(83,810)	(86,568)	(973,783)
Total equity	Before distribution	30,692,772	34,189,147	30,396,294	32,121,924	40,723,869
	After distribution	26,609,579	30,096,953	29,229,665	29,539,997	Note 2

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

Note 2: The earning distribution for 2021 has yet to be approved by the Shareholders' Meeting.

4. Condensed consolidated income statement (IFRS - standalone financial statements)

Unit: NT\$ thousand

Item	Year	Financial analysis for the past five years (Note)				
		2017	2018	2019	2020	2021
Operating revenue		12,252,697	30,717,971	20,373,762	18,157,516	34,035,323
Operating margin		3,416,282	8,869,264	5,690,759	5,636,144	10,345,971
Operating income		1,862,368	6,534,438	3,628,150	3,988,711	9,293,635
Non-operating income and expenses		237,417	634,399	(307,263)	(995,944)	100,401
Income from continuing operations before income tax		2,099,785	7,168,837	3,320,887	2,992,767	9,394,036
Net income of continuing business units		1,929,261	6,856,144	3,029,789	2,645,801	8,186,868
Income of suspended business unit		—	—	—	—	—
Net income		1,929,261	6,856,144	3,029,789	2,645,801	8,186,868
Other comprehensive income, net of tax		7,723	47,527	22,003	2,613	14,387
Total comprehensive income		1,936,984	6,903,671	3,051,792	2,648,414	8,201,255
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		1.69	6.01	2.42	2.11	6.45

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

(II) Auditing CPAs and audit opinions in the past five years

YEAR	Name of the firm	Accountant name	Opinion
2017	KPMG Taiwan	Di-nuang Jian, Gou-yang Tseng, CPA	Unqualified opinion
2018	KPMG Taiwan	Di-nuang Jian, Gou-yang Tseng, CPA	Unqualified opinion (Emphasized paragraphs or other paragraphs)
2019	KPMG Taiwan	Di-nuang Jian, Gou-yang Tseng, CPA	Unqualified opinion
2020	KPMG Taiwan	Han I-Lien and Chien Tinuan	Unqualified opinion
2021	KPMG Taiwan	Han I-Lien and Chien Tinuan	Unqualified opinion

II. Financial Analysis in the Past Five Years

(I) Financial analysis - International Financial Reporting Standards (concise)

Item		Year					Current year as of March 31, 2022 (Note 2)
		Financial analysis for the past five years (Note 1)					
		2017	2018	2019	2020	2021	
Financial and structure %	Debt to asset ratio	72	69	77	80	78	Note 2
	Long term capital to property, plant and equipment ratio	2,545	2,105	2,312	5,619	1,611	Note 2
Debt-paying Capability %	Current ratio	183	186	166	141	140	Note 2
	Quick ratio	29	36	26	23	22	Note 2
	Interest coverage ratio	5	12	5	5	12	Note 2
Business Capability	Receivable turnover rate (times)	10	22	13	13	20	Note 2
	Average cash recovery day	34	16	28	27	18	Note 2
	Inventory turnover rate (times)	0.14	0.33	0.17	0.14	0.21	Note 2
	Payable turnover rate(times)	2	5	3	3	4	Note 2
	Days sales outstanding	2,443	1,106	2,147	2,607	1,738	Note 2
	Property, plant and equipment Turnover rate (times)	7	16	8	12	16	Note 2
	Total asset turnover rate (times)	0.15	0.35	0.17	0.15	0.23	Note 2
Profitability Capability	Return on assets (%)	3	7	3	2	5	Note 2
	Return on equity (%)	6.69	23.49	9.36	8.04	23.53	Note 2
	Pre-tax net profit to paid-in capital ratio (%)	23.42	81.01	33.87	25.7	80.39	Note 2
	Net profit rate (%)	13.08	19.77	14.66	11.54	21.65	Note 2
	Earnings per share(NT\$)	1.69	6.01	2.66	2.11	6.45	Note 2
Cash flow	Cash flow ratio (%)	Note 3	15.19	Note 3	Note 3	Note 3	Note 2
	Cash flow adequacy ratio (%)	Note 3	71.79	Note 3	Note 3	Note 3	Note 2
	Cash reinvestment ratio (%)	Note 3	9.26	Note 3	Note 3	Note 3	Note 2
Leverage	Operating leverage	1.44	1.14	1.42	1.31	1.17	Note 2
	Financial leverage	1.37	1.10	1.35	1.27	1.11	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. Decrease in long term capital to property, plant and equipment ratio: Due to increase in the net value of property, plant and equipment.
2. Increase in interest protection multiples: Due to increase in net profit after tax.
3. Increase in accounts receivable turnover: Due to increase in net sales.
4. Decrease in average collection days: Due to increase in accounts receivable turnover.
5. Increase in inventory turnover: Mainly due to increase in cost of sales in the current period.

6. Increase in accounts payable turnover: Mainly due to increase in cost of sales in the current period.
7. Decrease in days sales of inventory: Mainly due to increase in inventory turnover in the current period.
8. Increase in property, plant and equipment turnover: Mainly due to increase in property, plant and equipment.
9. Increase in total assets turnover: Mainly due to increase in net sales and total assets.
10. Increase in return on assets: Mainly due to increase in net profit after tax for the current period.
11. Increase in return on equity: Mainly due to increase in net profit after tax for the current period.
12. Increase in pre-tax income to paid-in capital ratio: Mainly due to increase in pre-tax income for current period.
13. Increase in net profit ratio: Mainly due to increase in net profit after-tax.
14. Increase in earnings per share: Mainly due to increase in net profit after tax for current period.

Note 1: The financial statements from 2016 to 2020 were audited by CPAs.

Note 2: As of the date of publication of the annual report, the financial information as of March 31, 2022 is yet to be audited.

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 of inventory = 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.

(II) Financial analysis - IFRS (standalone)

Item	Year	Financial analysis for the past five years (Note 1)					
		2017	2018	2019	2020	2021	
Financial and structure	Debt to asset ratio (%)	65	65	72	76	73	
	Long term capital to property, plant and equipment ratio (%)	9,333	6,642	5,966	12,057	13,569	
Debt-paying capability	Current ratio (%)	207	204	161	141	141	
	Quick ratio (%)	28	36	24	22	21	
	Interest coverage ratio	7	13	6	5	12	
Business capability	Receivable turnover rate (times)	22	31	15	13	20	
	Average cash recovery day	16	11	25	28	18	
	Inventory turnover rate (times)	0.13	0.32	0.2	0.14	0.22	
	Payable turnover rate(times)	6	16	9	7	13	
	Days sales outstanding	2,808	1,141	1,825	2,607	1,659	
	Property, plant and equipment turnover rate (times)	23	44	23	27	78	
	Total asset turnover rate (times)	0.14	0.33	0.19	0.15	0.24	
Profitability capability	Return on assets (%)	3	8	3	3	6	
	Return on equity (%)	5.91	21.14	9.38	8.46	22.48	
	Percentage to paid-in capital ratio (%)	Operating profit	15.96	56.01	31.10	30.91	66.73
		Pre-tax net profit	17.99	61.45	28.47	23.19	67.45
	Net profit rate (%)	15.74	22.32	14.87	14.57	24.05	
	Earnings per share(NT\$)	1.69	6.01	2.42	2.11	6.45	
Cash flow	Cash flow ratio (%)	1.7	5.57	Note 2	Note 2	Note 2	
	Cash flow adequacy ratio (%)	69.43	47.57	Note 2	Note 2	Note 2	
	Cash reinvestment ratio (%)	-10.93	-3.49	Note 2	Note 2	Note 2	
Leverage	Operating leverage	1.38	1.11	1.24	1.18	0.96	
	Financial leverage	1.24	1.11	1.23	1.22	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. Decrease in long term capital to property, plant and equipment ratio: Due to new purchases of land and building in the current period to serve as reception center, causing an increase in the net worth of property, plant and equipment and decrease in long term capital to property, plant and equipment ratio.
2. Increase in interest protection multiples: Due to increase in net profit after tax.
3. Increase in accounts receivable turnover: Due to increase in net sales.
4. Decrease in average collection days: Due to increase in accounts receivable turnover.
5. Increase in inventory turnover rate (times): Mainly due to increase in cost of sales for the current period, causing an increase in average inventory.
6. Increase in accounts payable turnover: Mainly due to increase in cost of sales in the current period.

7. Decrease in days sales of inventory: Mainly due to increase in inventory turnover (times) in the current period.
8. Increase in property, plant and equipment turnover: Due to increase in property, plant and equipment.
9. Increase in total assets turnover: Mainly due to increase in operating revenue.
10. Increase in return on assets: Mainly due to increase in net profit after tax for the current period.
11. Increase in return on equity: Mainly due to increase in net profit after tax for the current period.
12. Increase in pre-tax income to paid-in capital ratio: Mainly due to increase in pre-tax income for current period.
13. Increase in net profit ratio: Mainly due to increase in net profit after-tax.
14. Increase in earnings per share: Mainly due to increase in net profit after tax for current period.

Note 1: The financial statements from 2016 to 2020 were audited by CPAs.

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 = $\text{total liabilities} / \text{total assets}$

(2) Long term capital to property, plant and equipment ratio = $(\text{total equity} + \text{non-current liabilities}) / \text{net property, plant and equipment}$

2. Solvency

(1) Current ratio = $\text{current assets} / \text{current liabilities}$

(2) Quick ratio = $(\text{current assets} - \text{inventory} - \text{prepaid expenses}) / \text{current liabilities}$

(3) Interest coverage ratio = $\text{net profit before income tax and interest expense} / \text{interest expense in the current period}$

3. Operating capacity

(1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = $\text{net sales} / \text{average receivables for each period (including accounts receivable and notes receivable due to business)}$

(2) Average cash recovery date = $365 / \text{receivables turnover rate}$

(3) Inventory turnover rate = $\text{sales cost} / \text{average inventory}$

(4) Payable (including accounts payable and notes payable due to business) turnover rate = $\text{cost of sales} / \text{average balance payable on each period (including accounts payable and notes payable due to business)}$

(5) Days sales of inventory = $365 / \text{inventory turnover rate}$

(6) Property, plant and equipment turnover rate = $\text{net sales} / \text{net average property, plant and equipment value}$

(7) Total asset turnover rate = $\text{net sales} / \text{average total assets}$

4. Profitability

(1) Return on assets = $[\text{after tax profit and loss} + \text{interest expense} \times (1 - \text{tax rate})] / \text{average total assets}$

(2) Return on equity = $\text{after tax profit and loss} / \text{average equity}$

(3) Net profit rate = $\text{after tax profit and loss} / \text{net sales}$

(4) Earnings per share = $(\text{profit or loss attributable to parent company owner} - \text{special dividend}) / \text{weighted average number of issued shares}$

5. Cash flow

(1) Cash flow ratio = $\text{net cash flow from operating activities} / \text{current liabilities}$.

(2) Cash flow adequacy ratio = $\text{net cash flow from operating activities in the last five years} / (\text{capital expenditure} + \text{inventory increase} + \text{cash dividend}) \text{ in the last five years}$

(3) Cash reinvestment ratio = $(\text{net cash flow from operating activities} - \text{cash dividends}) / (\text{gross property, plant and equipment} + \text{long term investment} + \text{other non-current assets} + \text{working capital})$

6. Leverage

(1) Operating leverage = $(\text{net operating income} - \text{changing operating costs and expenses}) / \text{operating profit}$

(2) Financial leverage = $\text{operating profit} / (\text{operating profit} - \text{interest expense})$

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

Highwealth Construction Corporation Audit Committee's Review Report

The Board of Directors prepared the 2021 financial statements of the Company and its consolidated subsidiaries, which was audited by the accountants of KPMG Certified Public Accountant Office, Han I-Lien and Chien Tinuan. The Audit Committee has reviewed the business report and earnings appropriation proposal, and finds no material misstatement. In accordance with the Securities and Exchange Act, Article 14-4 and the Company Act, Article 219, the Committee hereby submits the review report.

To

2022 Annual Shareholder's Meeting of Highwealth Construction Corporation

Audit Committee Convener: Hong Xiyao



April 6, 2022

IV. Financial Statement of Recent Year

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, 2021 and 2020, 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, 2021 and 2020, 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 for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended December 31, 2021 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(q) and 6(y) of the consolidated financial statements for the accounting policy 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 \$43,839,834 thousand in 2021, 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) 、 Note 5 “Revenue” and 6(e) 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, 2021, inventory of the Group valued \$152,478,578 thousand, constituting 75% 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, 2021 and 2020, 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, 2021 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 Yilien Han and Ti-Nuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2022

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' audit 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' audit 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 Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(Expressed in Thousand of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Notes 6(y) and 7)	\$ 44,282,065	100	24,463,018	100
5000	Operating cost (Note 6(e))	30,556,525	69	17,611,739	72
	Gross profit from operations	<u>13,725,540</u>	<u>31</u>	<u>6,851,279</u>	<u>28</u>
	Operating expenses:				
6100	Selling expenses (Notes 6(m) and 7)	2,005,251	4	1,451,014	6
6200	Administrative expenses (Note 7)	1,705,329	4	1,263,908	5
		<u>3,710,580</u>	<u>8</u>	<u>2,714,922</u>	<u>11</u>
	Net operating income	<u>10,014,960</u>	<u>23</u>	<u>4,136,357</u>	<u>17</u>
	Non-operating income and expenses:				
7100	Total interest income (Notes 6(aa))	18,246	-	22,762	-
7010	Other income (Note 6(aa) and 7)	199,292	-	165,185	1
7020	Other gains and losses (Note 6(aa))	1,986,538	5	(115,742)	-
7050	Finance costs, net (Note 6(aa))	(1,017,849)	(2)	(887,416)	(4)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(g))	(4,484)	-	(4,989)	-
	Total non-operating income and expenses	<u>1,181,743</u>	<u>3</u>	<u>(820,200)</u>	<u>(3)</u>
	Profit (loss) from continuing operations before tax	<u>11,196,703</u>	<u>26</u>	<u>3,316,157</u>	<u>14</u>
7950	Less: Income tax expenses (Note 6(v))	1,607,593	4	492,903	2
	Profit (loss)	<u>9,589,110</u>	<u>22</u>	<u>2,823,254</u>	<u>12</u>
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(u))	11,093	-	(213)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	3,319	-	2,775	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		<u>14,412</u>	<u>-</u>	<u>2,562</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(25)	-	51	-
8399	Less: 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	<u>(25)</u>	<u>-</u>	<u>51</u>	<u>-</u>
8300	Other comprehensive income	<u>14,387</u>	<u>-</u>	<u>2,613</u>	<u>-</u>
	Total comprehensive income	<u>\$ 9,603,497</u>	<u>22</u>	<u>2,825,867</u>	<u>12</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent company	\$ 8,186,868	19	2,645,801	21
8620	Profit, attributable to non-controlling interests	1,402,242	3	177,453	3
		<u>\$ 9,589,110</u>	<u>22</u>	<u>2,823,254</u>	<u>12</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent company	\$ 8,201,255	19	2,648,414	11
8720	Comprehensive income, attributable to non-controlling interests	1,402,242	3	177,453	1
		<u>\$ 9,603,497</u>	<u>22</u>	<u>2,825,867</u>	<u>12</u>
	Earnings per share (Note 6(x))				
9750	Basic earnings per share	<u>\$ 6.45</u>		<u>2.11</u>	
9850	Diluted earnings per share	<u>\$ 5.44</u>		<u>1.80</u>	

See accompanying notes to consolidated financial statements.

(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, 2021 and 2020
(Expressed in Thousand of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital		Retained earnings			Total other equity interest				Total equity		
	Common stock	Capital surplus	Legal 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	Total other equity interest	Treasury stock	attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2020	\$ 11,666,288	424,474	7,227,303	10,629,412	17,856,715	195	532,432	532,627	(83,810)	30,396,294	4,046,888	34,443,182
Profit (loss)	-	-	-	2,645,801	2,645,801	-	-	-	-	2,645,801	177,453	2,823,254
Other comprehensive income	-	-	-	(213)	(213)	51	2,775	2,826	-	2,613	-	2,613
Total comprehensive income	-	-	-	2,645,588	2,645,588	51	2,775	2,826	-	2,648,414	177,453	2,825,867
Appropriation and distribution of retained earnings in 2018:												
Legal reserve appropriated	-	-	68,444	(68,444)	-	-	-	-	-	-	-	-
Appropriation and distribution of retained earnings for the period from January 1, 2019 to September 30, 2019												
Cash dividends of ordinary share	-	-	-	(1,166,629)	(1,166,629)	-	-	-	-	(1,166,629)	-	(1,166,629)
Stock dividends of ordinary share	1,166,628	-	-	(1,166,628)	(1,166,628)	-	-	-	-	-	-	-
Other changes in capital surplus:												
Due to donated assets received	-	(112)	-	-	-	-	-	-	-	(112)	-	(112)
Conversion of convertible bonds	70,053	203,150	-	-	-	-	-	-	-	273,203	-	273,203
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	53,304	-	-	-	-	-	-	-	53,304	-	53,304
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(79,797)	(79,797)	-	-	-	-	(79,797)	-	(79,797)
Changes in ownership interests in subsidiaries	-	5	-	-	-	-	-	-	(2,758)	(2,753)	2,753	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(548,500)	(548,500)
Balance on December 31, 2020	12,902,969	680,821	7,295,747	10,793,502	18,089,249	246	535,207	535,453	(86,568)	32,121,924	3,678,594	35,800,518
Profit (loss)	-	-	-	8,186,868	8,186,868	-	-	-	-	8,186,868	1,402,242	9,589,110
Other comprehensive income	-	-	-	11,093	11,093	(25)	3,319	3,294	-	14,387	-	14,387
Total comprehensive income	-	-	-	8,197,961	8,197,961	(25)	3,319	3,294	-	8,201,255	1,402,242	9,603,497
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary share	-	-	-	(2,581,927)	(2,581,927)	-	-	-	-	(2,581,927)	-	(2,581,927)
Cash dividends from capital surplus	-	-	256,579	(256,579)	-	-	-	-	-	-	-	-
Conversion of convertible bonds	1,024,562	2,869,886	-	-	-	-	-	-	-	3,894,448	-	3,894,448
Purchase of treasury shares	-	-	-	-	-	-	-	-	(884,908)	(884,908)	-	(884,908)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	58,773	-	-	-	-	-	-	-	58,773	-	58,773
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(83,717)	(83,717)	-	-	-	-	(83,717)	-	(83,717)
Changes in ownership interests in subsidiaries	-	328	-	-	-	-	-	-	(2,307)	(1,979)	-	(1,979)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(89,304)	(89,304)
Balance at December 31, 2021	\$ 13,927,531	3,609,808	7,552,326	16,069,240	23,621,566	221	538,526	538,747	(973,783)	40,723,869	4,991,532	45,715,401

See accompanying notes to consolidated financial statements.

(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, 2021 and 2020
(Expressed in Thousand of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 11,196,703	3,316,157
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	225,306	228,483
Amortization expense	14,833	14,340
Expected credit loss / Provision (reversal of provision) for bad debt expense	-	4,680
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(2,556)	(40,633)
Interest expense	1,017,849	887,416
Interest income	(18,246)	(22,762)
Dividend income	-	(15,166)
Share of loss of associates and joint ventures accounted for using equity method	4,484	4,989
Gain on disposal of property, plan and equipment	1,189	(1,836)
Gain on disposal of investment properties	(245,982)	(112,057)
Loss (gain) on disposal of intangible assets	(1,851)	-
Gain on lease modifications	212	(141)
Impairment loss on non-financial assets	286,000	250,000
Gain to the rights transferred of the sale and leaseback	(2,025,171)	-
Total adjustments to reconcile profit (loss)	<u>(743,933)</u>	<u>1,197,313</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease on financial assets or liabilities at fair value through profit or loss	-	399,526
(Increase) decrease in contract assets	(29,647)	36,276
Increase in notes receivable	(818,043)	(43,426)
Decrease in accounts receivable	23,470	177,278
Increase in inventories	(22,668,166)	(25,699,587)
Increase in prepayments	(70,392)	(38,679)
(Increase) decrease in other current and non-current assets	(123,734)	39,905
Decrease (increase) in other financial assets	92,152	(6,815,107)
Increase in assets recognised as incremental costs to obtain contract with customers	(498,224)	(887,143)
Total changes in operating assets	<u>(24,092,584)</u>	<u>(32,830,957)</u>
Changes in operating liabilities:		
Decrease (increase) in contract liabilities	(421,747)	4,575,045
Increase (decrease) in notes payable	2,079	(3,917)
Increase in accounts payable	940,295	274,913
(Decrease) increase in other payables	1,516,366	(62,191)
Increase in provisions	59,370	24,069
(Decrease) increase in other financial liabilities	1,233	(5,130)
(Decrease) increase in other current liabilities	(377,588)	737,916
Decrease (increase) in net defined benefit liability	(1,006)	264
Total changes in operating liabilities	<u>1,719,002</u>	<u>5,540,969</u>
Total changes in operating assets and liabilities	<u>(22,373,582)</u>	<u>(27,289,988)</u>
Total adjustments	<u>(23,117,515)</u>	<u>(26,092,675)</u>
Cash inflow generated from operations	(11,920,812)	(22,776,518)
Income taxes paid	(727,847)	(250,706)
Net cash flows from (used in) operating activities	<u>(12,648,659)</u>	<u>(23,027,224)</u>

(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, 2021 and 2020
(Expressed in Thousand of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(42,000)
Proceeds from disposal of investments accounted for using equity method	20,000	-
Proceeds from disposal of non-current assets classified as held for sale	3,441,440	913,876
Acquisition of property, plant and equipment	(25,231)	(83,275)
Proceeds from disposal of property, plant and equipment	158	4,695
Acquisition of intangible assets	(13,607)	(15,351)
Proceeds from disposal of intangible assets	150	43
Proceeds from disposal of investment properties	-	154,093
Increase in other non-current assets	(1,506,761)	-
Increase in prepayments for business facilities	-	(106,098)
Interest received	16,304	20,526
Dividends received	-	15,166
Net cash flows from (used in) investing activities	<u>1,932,453</u>	<u>861,675</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	40,551,872	44,588,960
Decrease in short-term loans	(23,991,386)	(26,635,600)
Increase (decrease) in short-term notes and bills payable	(151,314)	4,107,552
Proceeds from issuing bonds	9,000,000	5,000,000
Repayments of bonds	(8,500,000)	-
Proceeds from long-term debt	610,000	550,000
Repayments of long-term debt	(3,017,378)	(1,288,936)
Payment of lease liabilities	(125,745)	(53,740)
Decrease (increase) in other financial liabilities	3,475,840	(924,769)
Cash dividends paid	(2,584,670)	(2,795,749)
Payments to acquire treasury shares	(884,908)	-
Interest paid	(2,196,537)	(1,958,120)
Changes in non-controlling interests	(114,446)	(112,828)
Net cash flows from (used in) financing activities	<u>12,071,328</u>	<u>20,476,770</u>
Effect of exchange rate changes on cash and cash equivalents	(23)	44
Net increase (decrease) in cash and cash equivalents	1,355,099	(1,688,735)
Cash and cash equivalents at beginning of the year	<u>10,538,810</u>	<u>12,227,545</u>
Cash and cash equivalents at end of the year	<u>\$ 11,893,909</u>	<u>10,538,810</u>

See accompanying notes to consolidated financial statements.

(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, 2021 and 2020
(Expressed in Thousand 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 (R.O.C.). 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, 2021 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 15, 2022.

(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. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(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.

(Continued)

(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 measurement

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 instruments measured at fair value through other comprehensive income 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 4(r).

(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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Name of investor	Subsidiaries	Principal activity	Shareholding		Description
			December 31, 2021	December 31, 2020	
The Company	Qi Yu Construction Co., Ltd.	Construction Industry Residence and Buildings Lease Construction	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Ju Feng Hotel Management 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 Property Management Co., Ltd.	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	Xingfuyu Trading (Xiamen) Co., Ltd.	Wholesale of construction Material	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
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	5.72% (Note)	5.72% (Note)	The Company doesn't hold more than 50% of interest directly and indirectly but have substantial controlling power and considered as subsidiary
The Company	Bo Yuan Construction Co., Ltd.	Residence Buildings Lease Construction, and Department sotres	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Yi chi 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	Bi chiang 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 Corp.	Construction Industry 、 Residence and Buildings Lease Construction	100.00%	100.00%	The Company hold more than 50% interest of the subsidiary directly
The Company	Yuan Sheng International Co., Ltd.	Wholesale of construction Material	100.00% (Note 1)	- %	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	Yuan Sheng International Co., Ltd.	Wholesale of construction Material	- %	100.00%	Chyi Yuh hold more than 50% interest of the subsidiary directly

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Subsidiaries	Principal activity	Shareholding		Description
			December 31, 2021	December 31, 2020	
Qi Yu	Run Long Construction Co.	Waste treatment , Residence and Buildings Lease Construction	5.02% (Note)	5.02% (Note)	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	6.13% (Note)	5.62% (Note)	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%	100.00%	Run Long hold more than 50% interest of the subsidiary directly

Note : The Group's shareholdings change because the Group invested or disposed of shareholdings of Run Long Construction during 2020.

(iii) 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 into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) An investment in equity securities designated as at fair value through other comprehensive income;
- 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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Foreign operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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.

(Continued)

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

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

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends 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 are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

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.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

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.

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.

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 gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written 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

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

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.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized 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.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventory

(i) Construction industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories 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 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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 and Other Industries

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) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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, rather than rights to its assets and obligations for its liabilities. 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 considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Group reevaluates whether the classification of the joint arrangement has changed

(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.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) 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.

Land is not depreciated.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	3~50 years
2) Equipment	3~6 years
3) Transportation equipment	5 years
4) Office equipment	3~8 years
5) Other equipment	2~10 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(iv) 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.

(m) Lease

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment of low-value assets, The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Group applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives 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

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(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) Revenue

(i) Revenue from contracts with customers

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) Net Tenant-Counter Sales (Commissions Income)

Revenue generated when the Group acts as the agent rather than the consigner in a transaction. Tenant-Counter revenue is recognized on a net commission basis.

2) Customer loyalty program

The Group operates a customer loyalty program to its retail customers. Retail customers obtain points for purchases made, which entitle them to discount on future purchases. The Group considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Group has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) 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.

4) 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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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, 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(p).

5) 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) Contract costs

1) Incremental costs of obtaining a contract

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.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for 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. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid 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.

(s) Income Taxes

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

- (t) 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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(u) 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.

The information for the assumptions of uncertainty and the estimation have significant risks on amount of assets and liabilities that have reflected the effect of the Covid-19 and will result in significant adjustments in the following year 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(e) 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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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(l) Investment property.
- (b) Note 6(ab) Financial instruments.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Bank overdrafts used for cash management purposes	\$ 4,949	7,035
Demand Deposits	11,888,960	10,501,775
Time Deposits	-	30,000
Cash and cash equivalent	\$ 11,893,909	10,538,810

Please refer Note 6(ab) 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, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss:		
Stocks listed on domestic markets	\$ 272,854	263,550
Call options and conversion options	-	6,816
Total	\$ 272,854	270,366

- (i) For the net gain or loss on fair value on financial instruments at FVTPL, please refer to note 6(aa).
- (ii) As of December 31, 2020, the gain or loss due to acquisition and disposal on financial assets at fair value through profit and loss of the Group was \$11,009 thousand and \$410,535 thousand, respectively.
- (iii) For credit risk and market risk; please refer to note 6(ab).

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) As of December 31, 2021 and 2020, 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, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:		
Unlisted Common Share	<u>\$ 556,458</u>	<u>553,139</u>

(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.

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

(iii) As of December 31, 2021 and 2020, the financial assets at fair value through other comprehensive income of the Company hadn't pledged as collateral for long term borrowings.

(d) Note and account receivables

	December 31, 2021	December 31, 2020
Note receivables	\$ 2,347,613	1,529,570
Trade receivables	223,464	246,934
Less: Loss allowance	7,672	7,672
	<u>\$ 2,563,405</u>	<u>1,768,832</u>

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. 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 the incorporated forward looking information. The expected credit losses of the note receivables and trade receivables were as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance Provision
Current	\$ 2,563,405	-	-
365 days past due	7,672	100%	7,672
	<u>\$ 2,571,077</u>		<u>7,672</u>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2020		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance Provision
Current	\$ 1,768,832	-	-
365 days past due	7,672	100%	7,672
	\$ 1,776,504		7,672

The movement in the allowance for notes and accounts receivable was as follows :

	For the years ended December 31	
	2021	2020
Balance on January 1	\$ 7,672	2,992
Impairment losses recognized	-	4,680
Balance on December 31	\$ 7,672	7,672

The aforementioned notes and trade receivables of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(e) Inventory

	December 31, 2021	December 31, 2020
Spare parts	\$ -	10,598
Raw materials and consumables	2,008	1,696
Finished goods	4,607	4,881
Total	6,615	17,175
Properties and land held for sale	\$ 11,765,659	14,033,182
Land held for construction sites	42,880,642	25,368,907
Construction in progress	96,580,395	92,903,286
Prepaid for land purchase	1,245,267	310,679
Total	152,471,963	132,616,054
In total	\$ 152,478,578	132,633,229

For the years ended December 31, 2021 and 2020, the cost of good sold recognized in consolidated comprehensive income amounted to \$30,237,692 thousand and \$16,054,535 thousand, respectively. For the years ended December 31, 2020 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 \$7,886 thousand. For the years ended December 31, 2021, there is no write-offs or reversals of inventories.

For the years ended December 31, 2021 and 2020, the Group has changed the usage of the partial asset, and reclassified the properties and the land held-for-sale to construction in progress and investment property, respectively, in both years. Please refer to Note 6(j) and (l).

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020, construction in progress of the Group is calculated using a capitalization rate 1.79% ~ 1.93% and 1.85% ~ 1.99%, respectively. For the amount of capitalized interest, please refer to note 6(aa).

As of December 31, 2021 and 2020, the inventories of the Group had been pledged as collateral for bank borrowings, please refer to note 8.

(f) Non-current assets held for sale

Since the selling process to dispose the land and building located at JinTai section, Zhongshan Dist., Taipei City, has commenced based on the resolution made during the board meetings held on November 26, 2020 and December 24, 2020, the Company reclassified the above property and building to non-current assets held-for-sale. As December 31, 2020, the carrying value of the non-current assets held-for-sale, and the contract amount for the disposal and leased back, as well as the selling price, amounted to \$1,787,896 thousand, \$4,071,216 thousand (tax included) and \$401,552 thousand (VAT included), respectively, resulting in a loss to be recognized as other operating income and loss in the statements of comprehensive income; please refer to note 6(aa).

(g) 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, 2021	December 31, 2020
Joint ventures	\$ 105,962	128,595

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

	December 31, 2021	December 31, 2020
Carrying amount of individually insignificant associates' equity	\$ 105,962	128,595

	For the year ended December 31	
	2021	2020
Attributable to the Group:		
Profit (loss) from continuing operations	\$ (4,484)	(4,989)
Comprehensive income	\$ (4,484)	(4,989)

Guoyu Building Materials Co., Ltd., a joint venture of the Group, made a cash capital increase of \$120,000 thousand in October 2020 for expanding its operations and development, and the Group acquired for \$42,000 thousand based on its shareholding ratio.

The Group sold \$2,000 thousand shares of Guoyu Building Materials Co., Ltd. (Guoyu) in April 2021, resulting in its shareholding percentage to decrease from 35% to 30%. Also, the amount of disposal proceeds of \$20,000 thousand resulted in a gain on disposal of investments amounting to \$1,851 thousand, recognized as other gains and losses.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(h) 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 2021 and 2020.

The effects of the changes in shareholdings were as follows:

	For the years ended December 31	
	2021	2020
Carrying amount of non-controlling interest on acquisition	\$ 30,729	33,031
Consideration paid to non-controlling interests	(114,446)	(112,828)
Retained Earnings	\$ (83,717)	(79,797)

(i) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non- controlling interests	
		December 31, 2021	December 31, 2020
Run Long Construction Co., Ltd	Taiwan	83.13%	83.64%

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, 2021	December 31, 2020
Current asset	\$ 35,529,894	32,877,608
Non Current asset	3,795,117	3,920,382
Current Liability	(24,367,806)	(23,527,423)
Non current Liabiity	(8,282,194)	(8,199,631)
Net assets	\$ 6,675,011	5,070,936
Non-controlling interests	\$ 4,991,532	3,678,594

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Sales revenue	<u>\$ 10,479,267</u>	<u>7,656,236</u>
Net income	\$ 1,671,830	117,248
Other comprehensive income	5,258	49,668
Comprehensive income	<u>\$ 1,677,088</u>	<u>166,916</u>
Profit, attributable to non-controlling interests	<u>\$ 1,402,242</u>	<u>177,453</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 1,402,242</u>	<u>177,453</u>

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Net cash flows from operating activities	\$ (47,761)	(4,268,952)
Net cash flows from investing activities	846,561	269,114
Net cash flows from financing activities	(730,061)	4,011,701
Effect of exchange rate changes on cash and cash equivalents	<u>\$ 68,739</u>	<u>11,863</u>
Dividends to NCI	<u>\$ 61,516</u>	<u>515,797</u>

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Investment property constructed in progress</u>	<u>Total</u>
Cost:							
Balance on January 1, 2021	\$ 485,292	307,701	5,333	1,035,354	-	-	1,833,680
Additions	-	1,386	-	23,845	-	-	25,231
Transfer from inventory	1,634,330	694,002	-	50,139	-	1,288,994	3,667,465
Disposals	-	-	-	(6,760)	-	-	(6,760)
Transfer from (to)	-	-	-	(16,250)	-	-	(16,250)
Effect of changes in foreign exchange rates	-	-	-	(9)	-	-	(9)
Balance on December 31, 2021	<u>\$ 2,119,622</u>	<u>1,003,089</u>	<u>5,333</u>	<u>1,086,319</u>	<u>-</u>	<u>1,288,994</u>	<u>5,503,357</u>
Balance on January 1, 2020	\$ 1,345,199	1,172,772	3,634	940,163	1,666	-	3,463,434
Additions	-	4,673	1,699	76,903	-	-	83,275
Disposals	-	-	-	(53,274)	-	-	(53,274)
Transfer from (to)	-	(69,903)	-	69,903	-	-	-
Transfer from (to) construction in progress	-	-	-	1,666	(1,666)	-	-
Reclassification to properties held for sale	(859,907)	(799,841)	-	-	-	-	(1,659,748)
Effect of changes in foreign exchange rates	-	-	-	(7)	-	-	(7)
Balance on December 31, 2020	<u>\$ 485,292</u>	<u>307,701</u>	<u>5,333</u>	<u>1,035,354</u>	<u>-</u>	<u>-</u>	<u>1,833,680</u>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Land	Buildings and construction	Machinery and equipment	Other equipment	Construction in progress	Investment property constructed in progress	Total
Depreciation and Impairment:							
Balance on January 1, 2021	\$ 4,421	114,219	3,811	546,729	-	-	669,180
Depreciation	570	11,099	425	85,420	-	-	97,514
Impairment	-	-	-	286,000	-	-	286,000
Disposals	-	-	-	(5,413)	-	-	(5,413)
Effect of changes in foreign exchange rates	-	-	-	(11)	-	-	(11)
December 31, 2021	<u>\$ 4,991</u>	<u>125,318</u>	<u>4,236</u>	<u>912,725</u>	<u>-</u>	<u>-</u>	<u>1,047,270</u>
Balance on January 1, 2020	\$ 3,850	186,065	3,634	230,237	-	-	423,786
Depreciation	571	32,474	177	89,729	-	-	122,951
Impairment	-	-	-	250,000	-	-	250,000
Disposals	-	-	-	(50,415)	-	-	(50,415)
Transfer from (to)	-	(27,188)	-	27,188	-	-	-
Reclassification to properties held for sale	-	(77,132)	-	-	-	-	(77,132)
Effect of changes in foreign exchange rates	-	-	-	(10)	-	-	(10)
Balance on December 31, 2020	<u>\$ 4,421</u>	<u>114,219</u>	<u>3,811</u>	<u>546,729</u>	<u>-</u>	<u>-</u>	<u>669,180</u>
Carrying amounts:							
Balance on December 31, 2021	<u>\$ 2,114,631</u>	<u>877,771</u>	<u>1,097</u>	<u>173,594</u>	<u>-</u>	<u>1,288,994</u>	<u>4,456,087</u>
Balance on January 1, 2020	<u>\$ 1,341,349</u>	<u>986,707</u>	<u>-</u>	<u>709,926</u>	<u>1,666</u>	<u>-</u>	<u>3,039,648</u>
Balance on December 31, 2020	<u>\$ 480,871</u>	<u>193,482</u>	<u>1,522</u>	<u>488,625</u>	<u>-</u>	<u>-</u>	<u>1,164,500</u>

- (i) In order to manage activating strategies of assets and obtain the maximum effectiveness, the Group transferred the assets to the non-current assets held for sale in 2020. Please refer to note 6 (f) for details.
- (ii) The lease improvement includes the renovation cost for the mall operations, etc. Based on the assessment in 2021 and 2020, the carrying amount was determined to be higher than its recoverable amount so an impairment loss \$286,000 thousand and \$250,000 thousand was recognized. Please refer to note 6(aa).
- (iii) The Group signed a property bill of sale with Goldsun Building Materials Co., LTD on November 15, 2021 to purchase the property and building located at Renwu District, Kaohsiung City, at a total amount of \$2,350,000 thousand (tax included). As of December 31, 2021, the amount of \$1,500,000 thousand, which was recognized as other non-current asset, had been paid.
- (iv) As of December 31, 2021 and 2020, the property, plant and equipment of the Group had been pledged as collateral for bank borrowings, please refer to note 8.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(k) Right-of-use assets

The Group leases assets including land and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Transportation equipment	Total
Cost:				
Balance on January 1, 2021	\$ 17,298	622,715	1,886	641,899
Additions	72	220,527	-	220,599
Losses	(13,818)	-	(1,886)	(15,704)
Balance on December 31, 2021	<u>\$ 3,552</u>	<u>843,242</u>	<u>-</u>	<u>846,794</u>
Balance on January 1, 2020	\$ 29,682	622,715	1,886	654,283
Additions	11,567	-	-	11,567
Losses	(23,951)	-	-	(23,951)
Balance on December 31, 2020	<u>\$ 17,298</u>	<u>622,715</u>	<u>1,886</u>	<u>641,899</u>
Depreciation and impairment losses:				
Balance on January 1, 2021	\$ 3,699	189,559	1,886	195,144
Depreciation for the year	2,373	78,388	-	80,761
Losses	(5,645)	-	(1,886)	(7,531)
Balance on December 31, 2021	<u>\$ 427</u>	<u>267,947</u>	<u>-</u>	<u>268,374</u>
Balance on January 1, 2020	\$ 13,254	147,301	1,519	162,074
Depreciation for the year	11,928	42,258	367	54,553
Losses	(21,483)	-	-	(21,483)
Balance on December 31, 2020	<u>\$ 3,699</u>	<u>189,559</u>	<u>1,886</u>	<u>195,144</u>
Carrying amounts:				
Balance on December 31, 2021	<u>\$ 3,125</u>	<u>575,295</u>	<u>-</u>	<u>578,420</u>
Balance on December 31, 2020	<u>\$ 13,599</u>	<u>433,156</u>	<u>-</u>	<u>446,755</u>
Balance on January 1, 2020	<u>\$ 16,428</u>	<u>475,414</u>	<u>367</u>	<u>492,209</u>

(l) Investment Property

	Land and improvement	Buildings and construction	Total
Cost:			
Balance on January 1, 2021	\$ 2,487,549	2,282,815	4,770,364
Transfer from inventory	225,883	211,288	437,171
Balance on December 31, 2021	<u>\$ 2,713,432</u>	<u>2,494,103</u>	<u>5,207,535</u>
Balance on January 1, 2020	\$ 2,500,256	2,286,588	4,786,844
Transfer in from inventory	120,736	117,377	238,113
Disposals	(22,087)	(20,485)	(42,572)
Reclassification to properties held for sale	(111,356)	(100,665)	(212,021)
Balance on December 31, 2020	<u>\$ 2,487,549</u>	<u>2,282,815</u>	<u>4,770,364</u>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Land and improvement	Buildings and construction	Total
Depreciation and Impairment:			
Balance on January 1, 2021	\$ 40,818	226,129	266,947
Depreciation	-	47,031	47,031
Balance on December 31, 2021	<u>\$ 40,818</u>	<u>273,160</u>	<u>313,978</u>
Balance on January 1, 2020	\$ 40,818	182,427	223,245
Depreciation	-	50,979	50,979
Disposals	-	(536)	(536)
Reclassification to properties held for sale	-	(6,741)	(6,741)
Balance on December 31, 2020	<u>\$ 40,818</u>	<u>226,129</u>	<u>266,947</u>
Carrying amounts:			
Balance on December 31, 2021	<u>\$ 2,672,614</u>	<u>2,220,943</u>	<u>4,893,557</u>
Balance on January 1, 2020	<u>\$ 2,459,438</u>	<u>2,104,161</u>	<u>4,563,599</u>
Balance on December 31, 2020	<u>\$ 2,446,731</u>	<u>2,056,686</u>	<u>4,503,417</u>
Fair value:			
Balance on December 31, 2021			<u>\$ 8,545,629</u>
Balance on January 1, 2020			<u>\$ 7,593,261</u>
Balance on December 31, 2020			<u>\$ 7,047,090</u>

In order to manage activating strategies of assets and obtain the maximum effectiveness, the Company transferred the sold assets to the non-current assets held for sale in December 31, 2020. Please refer to note 6(f) for details.

The investment property includes several commercial buildings owned by the Group for renting to the third party. Please refer to note 6(t) and (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, 2021 and 2020, the Group'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, 2021	December 31, 2020
Other current financial assets	\$ 13,495,015	12,310,906
Current incremental costs to obtaining a contract	2,943,770	2,445,546
Other non-current financial assets	<u>6,401,254</u>	<u>11,148,989</u>
	<u>\$ 22,840,039</u>	<u>25,905,441</u>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Other financial asset

Other financial assets include trust account for presale of properties and land, restricted deposit, performance guarantee, reserve account for corporation bonds 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 years ended December 31, 2021 and 2020, the Group recognized \$1,265,073 thousand and \$446,621 thousand of amortized expense.

(iii) As of December 31, 2021 and 2020, the other financial assets of the Group had pledged as collateral for long-term borrowings, please refer to note 8.

(n) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured bank loans	\$ 7,066,803	6,769,325
Secured bank loans	84,467,188	68,021,680
Less: Syndicated loan expense	(19,618)	(18,818)
Total	\$ 91,514,373	74,772,187
Range of interest rates	1.2%~2.48%	1.23%~2.14%

(i) The issue of bank loan and repayment

For the years ended December 31, 2021 and 2020, the incremental amounts are \$40,551,872 thousand and \$44,588,960 thousand, respectively; the repayment amounts are \$23,991,386 thousand and \$26,635,600 thousand, respectively. Please refer to note 6(aa).

(ii) Collateral for bank Loans

The Group had pledged as the collateral for bank borrowings, please refer to note 8.

(o) Short-term notes and bills payable

	December 31, 2021	
	Guarantee or acceptance institute	Range of interest rate
Commercial paper payable	Financial institute	0.28%~1.82%
Less: Discount on short-term notes and bills payable		\$ 8,191,100 (9,711)
Total		\$ 8,181,389

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2020		
	Guarantee or acceptance institute	Range of interest rate	Amount
Commercial paper payable	Financial institute	0.398%~1.82%	\$ 8,339,900
Less: Discount on short-term notes and bills payable			(7,197)
Total			\$ 8,332,703

The Group had pledged as collateral for short-term notes and bills payable, please refer to note 8.

(p) Long-term borrowings

The Group's long-term borrowings details, conditions and provisions were as follows:

	December 31, 2021			
	Currency	Range of interest rate	Maturity	Amount
Secured bank loans	TWD	1.54%~1.94%	2024~2038	\$ 2,942,213
Less: current portion				(124,255)
Total				\$ 2,817,958

	December 31, 2020			
	Currency	Range of interest rate	Maturity	Amount
Unsecured bank loans	TWD	1.85%	2025	\$ 178,918
Secured bank loans	TWD	1.44%~1.94%	2021~2038	5,353,173
Less: current portion				(1,995,648)
Total				\$ 3,536,443

(i) The issue of bank loan and repayment

The amount issued for the years ended December 31, 2021 and 2020 are \$610,000 thousand and \$550,000 thousand, respectively; the repayment amounts are \$3,017,378 thousand and \$1,288,936 thousand, respectively, please refer to note 6(aa).

(ii) Collateral for bank Loans

The Group had pledged as collateral for bank loans, please refer to note 8.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(q) Bonds payable

The details of the Group's bonds payable were as follows:

	December 31, 2021	December 31, 2020
Secured convertible bonds-current	\$ 6,332,175	-
Secured ordinary corporate bond-current	1,989,327	8,462,758
Secured convertible bonds- non-current	-	10,114,500
Secured ordinary corporate bond- non-current	22,268,157	15,284,997
Total	\$ 30,589,659	33,862,255

- (i) The Company issued the secured ordinary corporate bonds amounting to \$3,000,000 thousand, \$4,000,000 thousand, \$5,000,000 thousand, \$2,500,000 thousand, \$5,000,000 thousand and \$2,000,000 thousand with an interest rate of 0.55%, 0.50%~0.52%, 0.53%, 0.90%, 1.15%, and 1.00% in September 2021, January 2021, December 2020, May 2018, April 2016, and November 2016. The secured ordinary corporate bonds were issued for 3 to 5 years, interest paid annually, repayment of principal and interest at maturity.

The repayment amounts for the years ended December 31, 2021 are \$7,000,000 thousand.

- (ii) The Group issued a secured ordinary corporate bond amounting to \$2,000,000 thousand, \$5,900,000 thousand, \$1,500,000 thousand, and \$2,000,000 thousand with an interest rate of 0.57%, 0.78%-0.85%, 0.96%, and 0.98% in November 2021, 2019, December 2016, and August 2017, respectively. The secured ordinary corporate bonds were issued for 5 years.
- (iii) The Group's details of secured convertible bonds were as follows:

	December 31, 2021	December 31, 2020
Secured convertible bonds	\$ 10,577,820	10,577,820
Discount on bonds payable-unamortized amount	(47,097)	(185,335)
Accumulated convertible amount	(4,198,548)	(277,985)
Ending balance: bonds payable	\$ 6,332,175	10,114,500
Derivative-call option and convertible option (FVPL)	\$ -	6,816

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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 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 30% 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%).
- (iv) For the details of collateral of secured convertible bonds and bonds payable, please refer to note 8.
- (v) Please refer to note 6(aa) for the interest expense for the years ended December 31, 2021 and 2020.
- (r) Lease liabilities

The carrying amount of lease liabilities were as follows :

	December 31, 2021	December 31, 2020
Current	\$ 147,625	62,057
Non-current	\$ 756,550	458,956

For the maturity analysis, please refer to Note 6(ab).

The amounts recognized in profit or loss were as follows :

	For the year ended December 31, 2021	
	2021	2020
Interest on lease liabilities	\$ 17,238	10,824
Expenses relating to short-term and low-value leases	\$ 83,426	138,999

The amounts recognized in the statement of cash flows for the Group was as follows :

	For the year ended December 31, 2021	
	2021	2020
Total cash outflow for leases	\$ 226,409	203,563

- (i) Real estate leases

As of December 31, 2021 and 2020, the Group leases land and buildings for its office, reception center, parking lot, and department store. The leases of reception center typically run for a period of 2-3 years, of 5 years to 5 years and 6 month for office space, of 20 years for parking lot, and of 16 years for department store.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Other leases

The Group leases transportation equipment, with lease terms of three years.

The Group also leases office equipment, shortterm reception center, and Outdoor advertising. These leases are shortterm and leases of lowvalue items. The Group has elected not to recognize rightofuse assets and lease liabilities for these leases.

(iii) Sale-and-leaseback

In January and August 2021, the Group sold its property, plant and equipment and leased back for 5 years and 6 months and 7 years. The Group recognized gains to the rights transferred of the sale and leaseback, please refer to Note 6(aa).

(s) Provisions

	Warranty
Balance on January 1, 2021	\$ 155,687
Provisions added at current period	65,994
Provisions used at current period	(7,207)
Balance on December 31, 2021	<u>\$ 214,474</u>
Balance on January 1, 2020	\$ 124,907
Provisions added at current period	30,780
Balance on December 31, 2020	<u>\$ 155,687</u>

The Group's warranty provision is related to construction contract. The warranty measured by the historical record, the Group expects most of the liabilities will realize within 1-3 years after construction completion.

(t) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(l) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2021	December 31, 2020
Less than one year	\$ 91,690	90,206
One to two years	81,741	71,030
Two to three years	68,682	60,641
Three to four years	58,428	51,864
Four to five years	29,965	31,880
More than five years	694	6,225
Total undiscounted lease payments	<u>\$ 331,200</u>	<u>311,846</u>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The rental income from investment property for the years ended December 31, 2021 and 2020 are \$95,684 thousand and \$89,944 thousand.

(u) Employee benefits

(i) Defined benefit plans

The expenses recognized in profit or loss for the Group were as follows:

	December 31, 2021	December 31, 2020
The present value of defined benefit plans	\$ 67,870	77,631
Fair value of plan asset	(39,291)	(36,927)
Net defined benefit liability	\$ 28,579	40,704

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 \$39,291 thousand as of December 31, 2021. 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	
	2021	2020
Defined benefit obligations at January 1	\$ 77,631	75,056
Current service cost and interest	911	1,326
Remeasurements loss (gain):		
– Return on plan assets excluding interest income	15	2,295
– Actuarial loss arising from demographic assumptions	(10,968)	-
– Actuarial loss (gain) arising from:	281	(1,046)
Defined benefit obligations at December 31	\$ 67,870	77,631

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The details of the Group's employee's benefit liability were as follows:

	December 31, 2021	December 31, 2020
Short-term paid leave liability	\$ 6,956	6,373

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	
	2021	2020
Fair value of plan assets at January 1	\$ 36,927	34,642
Remeasurements loss (gain):		
– Return on plan assets excluding interest income	421	1,036
Contributions paid by the employer	1,711	898
Expected return on defined plan assets	232	351
Fair value of plan assets at December 31	\$ 39,291	36,927

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	
	2021	2020
Current service costs	\$ 427	576
Net interest of net liabilities for defined benefit obligations	252	399
	\$ 679	975
Administration expense	\$ 679	975

5) Actuarial valuations

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.625%
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 \$791 thousand.

The weighted average lifetime of the defined benefits plans is 10.23~10.89 years.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6) 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	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2021		
Discount rate	\$ (1,484)	1,528
Future salary increasing rate	1,466	(1,431)
December 31, 2020		
Discount rate	(1,938)	1,924
Future salary increasing rate	2,000	(1,874)

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 2021 and 2020.

(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 \$42,796 thousand and \$44,365 thousand for the years ended December 31, 2021 and 2020, respectively.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(v) Income tax

(i) Tax expense

The components of income tax for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Current tax expense		
Current period	\$ 1,344,341	344,786
Land value increment tax	281,590	182,033
Additional surtax on unappropriated earnings	379	-
Adjustment for prior periods	(6,960)	(27,760)
	1,619,350	499,059
Deferred tax expense		
Origination and reversal of temporary differences	(11,757)	(6,156)
Tax expense	\$ 1,607,593	492,903

The reconciliation of tax expense and income before tax for the years ended December 31, 2021 and 2020 are as followed:

	For the years ended December 31	
	2021	2020
Income before tax	\$ 11,196,703	3,316,157
Income tax expense at domestic statutory tax rate	2,239,341	663,231
Land tax exempt income	(475,772)	(506,642)
Book-tax difference between recognition time	(154,603)	51,360
Book –tax difference of capitalization	(83,561)	(76,264)
Book-tax difference between deferred sales commission	(22,630)	100,378
Land value increment tax	281,590	182,033
Financial assets measured at fair value through profit and loss	(511)	(8,127)
Impairment loss	57,200	50,000
Pay an extra income tax on all unappropriated	379	-
Adjustment for prior periods	(6,960)	(27,760)
Others	(226,880)	64,694
Total	\$ 1,607,593	492,903

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Deferred tax asset and liability recognized

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred tax asset:

	Investment property impairment	Warranty	Others	Total
Balance on January 1, 2021	\$ 11,242	31,136	4,987	47,365
Debit/Credit income statement	-	11,757	-	11,757
Balance on December 31, 2021	\$ 11,242	42,893	4,987	59,122
Balance on January 1, 2020	\$ 11,242	24,980	4,987	41,209
Debit/Credit income statement	-	6,156	-	6,156
Balance on December 31, 2020	\$ 11,242	31,136	4,987	47,365

Deferred tax liabilities:

	Provision for land value increment tax	Others	Total
Balance on January 1, 2021	\$ 191,213	340	191,553
Balance on December 31, 2021	\$ 191,213	340	191,553
Balance on January 1, 2020	\$ 191,213	340	191,553
Balance on December 31, 2020	\$ 191,213	340	191,553

(iii) The Company's income tax had been examined by the tax authorities till 2018. Except for Guany Yang Investment Co., Ltd. Ju Feny Hotel Management Co., Ltd. and Yeh Kee Enterprise Co., Ltd. had been examined by the tax authorities till 2020 other domestic subsidiaries' income tax had been examined by the tax authorities till 2019.

(w) Capital and other equity

(i) Ordinary shares

As of December 31, 2021 and 2020, the number of authorized ordinary shares were amounted \$20,000,000 thousand with par value of \$10 per share. As of that date, the paid-in capital were \$13,927,531 thousand and \$12,902,969 thousand, respectively.

As of 2021 and 2020, the reconciliation of the Group's outstanding shares as follows:

	Ordinary Shares	
	2021	2020
Balance on January 1	1,290,297	1,166,629
Capital surplus increase	-	116,633
Convertible corporation bonds transferred	102,456	7,005
Balance on December 31, 2021	1,392,753	1,290,267

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

A resolution was passed during the general meeting of shareholders held on June 10, 2020 for the issuance of 100 new shares per thousand shares by retained earnings and capital surplus, amounting to \$1,166,628 thousand. The Company has received approval from the Financial Supervisory Commission for this capital increase on August 3, 2020. In addition, a resolution was passed during the board meeting, to set October 1, 2020 as the date of capital increase, and completed the requisition in October 16, 2020.

For the years ended December 31, 2021 and 2020 due to the convertible bonds' holder exercised the convert option, the Company issuance of 102,456 per thousand new shares and 7,005 per thousand new shares, respectively, amounting to \$1,024,562 thousand and \$70,053 thousand, respectively. Among the 2,616 thousand shares had not performed the registration.

(ii) Capital surplus

	December 31, 2021	December 31, 2020
Treasury share transactions	\$ 491,130	432,357
Difference arising from subsidiary's equity	33,858	33,530
Conversion of bonds	3,073,117	203,231
Capital surplus-premium from merger	62	62
Donation from shareholders	3,284	3,284
Other	8,357	8,357
	<u>\$ 3,609,808</u>	<u>680,821</u>

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

In accordance with the Company's articles of incorporation, which was approved during the general meeting of shareholders held on June 10, 2020, after the paying the income taxes, the Company should first be used to offset the prior years' deficits. Of the remaining balance, 10% is to be appropriated as legal reserve, and in accordance with the regulations of the competent authority set up or reversal appropriated retained earnings; And then any remaining profit, together with any undistributed retained earnings, shall not be distributed below 20% as shareholders' dividends proposed by the Board of Directors to be submitted to the stockholders' meeting for approval. The cash dividends should not be below 10% of the total dividends.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As the Company distributes dividends or legal reserve and part or all of paid-in capital in cash, the Company should hold a Board meeting to pass the resolution by more than half of the directors present at the Board meeting, which meeting requires a quorum of two-thirds of all the directors. The resolution should be submitted to the Shareholder's meeting.

In addition, on June 10, 2019, before the general meeting of shareholders made a resolution to amend the articles of incorporation that the Company would distribute surplus earnings and offset loss at the end of each quarter. If there are earnings at final accounts of each quarter, the Company shall distribute earnings in accordance with the abovementioned procedures.

1) Legal reserve

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 2020 and 2019 was decided by the resolution adopted, at the general meeting of shareholders held on August 13, 2021 and June 10, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2020		2019	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 2.0	2,581,927	3.0	3,499,886
Stock	-	-	1.0	1,166,628
Total		<u>\$ 2,581,927</u>		<u>4,666,514</u>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Earnings distribution for second and third quarters of 2019 was decided by the resolution adopted, at the general meeting of shareholders held on August 13, 2019 and November 13, 2019, respectively. The dividend distributions to shareholders were \$1,166,628 thousand and \$1,166,629 thousand, respectively. Earnings distribution of 2021 was decided by the resolution adopted, at the general meeting of shareholders held on March 19, 2021. The relevant dividend distributions to shareholders were as follows:

(iv) Treasury shares

- 1) In accordance with the Securities and Exchange Act requirements as stated above, to encourage employees and improve their work performance, the board has decided to repurchase the treasury shares at the price ranging from \$40 to \$60 per share and transfer the shares to employees. During 2021, the total amount of repurchase shares were 20,000 thousand shares at the price of \$884,908 thousand.
- 2) Prior to Company ACT amendment in 2001, Subsidiaries of the Company, Ju Feng Hotel Management Co., Ltd, Highwealth Property Co., Ltd. and Qi Yu Construction Co., Ltd. held part of the Company's shares for investment purpose. Run Long Construction Co., Ltd., the subsidiary that the Company has control over, acquired 11,950 thousand of the Company's shares for investment purpose in the open market in 2015, and obtained 1,195 shares for stock dividend from retained earnings in 2020. As of December 31, 2021 and 2020, the market price per share were \$46.25 and \$45.85, respectively.

The details of the treasury shares held by subsidiaries are as followed:

Subsidiary	December 31, 2021		December 31, 2020	
	Shares (thousand)	Book value	Shares (thousand)	Book value
Ju Feng Hotel Management Co., Ltd.	4,578	\$ 1,733	4,578	1,733
Highwealth Property Co., Ltd.	8,849	10,850	8,849	10,850
Qi Yu Construction Co., Ltd.	2,745	-	2,745	-
Run Long Construction Co., Ltd.	13,145	76,292	13,145	73,985
	29,317	\$ 88,875	29,317	86,568

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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	Total
Balance on January 1, 2021	\$ 246	535,207	535,453
Exchange differences on foreign operations	(25)	-	(25)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	3,319	3,319
Balance at December 31, 2021	<u>\$ 221</u>	<u>538,526</u>	<u>538,747</u>
Balance on January 1, 2020	\$ 195	532,432	532,627
Exchange differences on foreign operations	51	-	51
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,775	2,775
Balance at December 31, 2020	<u>\$ 246</u>	<u>535,207</u>	<u>535,453</u>

(x) 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 2021 and 2020 are \$8,186,868 thousand and \$2,645,801 thousand, respectively, and the weighted average number of ordinary shares outstanding are 1,268,341 thousand shares and 1,254,563 thousand shares respectively. For related calculation are as follows:

1) Profit attributable to ordinary shareholders of the Company

	For the years ended December 31	
	2021	2020
Profit attributable to ordinary shareholders	\$ 8,186,868	2,645,801

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Weighted-average number of ordinary shares

	For the years ended December 31	
	2021	2020
Ordinary shares outstanding at January 1	1,290,297	1,166,629
Treasury shares	(42,536)	(29,317)
Effect of conversion of convertible notes	20,580	588
Stock dividends	-	116,663
Weighted-average number of ordinary shares at December 31	1,268,341	1,254,563

(ii) Diluted earnings per share

The Company's diluted earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2021 and 2020 are \$8,273,870 thousand and \$2,739,518 thousand respectively. After adjusting the effect of dilution of ordinary share, the weighted average number of ordinary shares for 2021 and 2020 are 1,519,826 thousand and 1,521,657 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	
	2021	2020
Profit attributable to ordinary shareholders of the Company	\$ 8,273,870	2,739,518

2) Weighted-average number of ordinary shares

	For the years ended December 31	
	2021	2020
Weighted-average number of ordinary shares (basic)	1,268,341	1,254,563
Effect of conversion of convertible bonds	250,020	266,076
Effect of restricted employee shares unvested	1,465	1,018
Weighted-average number of ordinary shares (diluted)	1,519,826	1,521,657

(y) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2021			
	Sales of real estate department	Construction contractor department	Departments tore	Total
Primary geographical markets:				
Taiwan	\$ 43,935,003	268,364	78,698	44,282,065

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021				
	Sales of real estate department	Construction contractor department	Departments tore	Total
Major products/services lines:				
Sales of real estate	\$ 43,839,834	-	-	43,839,834
Construction contract	-	262,762	-	262,762
Sales Revenue	-	-	46,445	46,445
Net tenant – counter income	-	-	27,477	27,477
Other revenue	95,169	5,602	4,776	105,547
	\$ 43,935,003	268,364	78,698	44,282,065
Timing of revenue recognition:				
Revenue transferred at a point in time	\$ 94,939	268,364	3,982	367,285
Products and services transferred over time	43,840,064	-	74,716	43,914,780
	\$ 43,935,003	268,364	78,698	44,282,065
For the year ended December 31, 2020				
	Sales of real estate department	Construction contractor department	Departments tore	Total
Primary geographical markets:				
Taiwan	\$ 22,755,194	1,583,139	124,685	24,463,018
Major products/services lines:				
Sales of real estate	\$ 22,657,004	-	-	22,657,004
Construction contract	-	1,577,561	-	1,577,561
Net tenant – counter income	-	-	68,657	68,657
Other revenue	-	-	46,358	46,358
Other revenue	98,190	5,578	9,670	113,438
	\$ 22,755,194	1,583,139	124,685	24,463,018
Timing of revenue recognition:				
Revenue transferred at a point in time	\$ 98,190	1,583,139	8,308	1,689,637
Products and services transferred over time	22,657,004	-	116,377	22,773,381
	\$ 22,755,194	1,583,139	124,685	24,463,018

For net tenant-counter income, the Group acts as an agent not a consignor. This decision was made by the management depending on the following factors:

- 1) The Group could earn a fixed or discretionary amount.
- 2) The Group could not determine the sale price of the products it sells.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets- Construction	\$ 43,674	14,027	50,303
Less: Allowance for impairment	-	-	-
Total	\$ 43,674	14,027	50,303
Contract liabilities- Construction	\$ -	-	126,565
Contract liabilities-Sales of real estate	10,328,779	11,609,186	6,037,956
Contract liabilities-Advance receipt	3,588	9,017	8,786
Contract liabilities-Gift certificates and reward points	24,090	73,877	29,852
Total	\$ 10,356,457	11,692,080	6,203,159

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

As of January 1, 2021 and 2020, the beginning balance of contract liabilities that were accounted for as 2021 and 2020, revenue amounts to \$5,784,798 thousand and \$759,416 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, 2021 and 2020.

As of December 31, 2021 and 2020, customer loyalty program was allocated \$257 thousand and \$208 thousand, respectively.

(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 amounted to \$60,000 thousand and \$36,000 thousand, respectively, and the remunerations to directors amounted to \$11,000 thousand and \$7,500 thousand, respectively, for the years ended December 31, 2021 and 2020. 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. For relevant information, please refer to the Market Observation Post System Website. For the year ended December 31, 2021 and 2020, there is no difference between the estimate amounts in consolidated financial statements and the actual abovementioned distributed amounts.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(aa) Other operating income and expense

(i) Interest income

For the years ended December 31, 2021 and 2020 interest income were as follows:

	For the years ended December 31	
	2021	2020
Interest income		
Construction deposits paid	\$ 2,199	2,344
Bank deposits and Notes interest	15,008	13,193
Other	1,039	7,225
	\$ 18,246	22,762

(ii) Other income

For the years ended December 31, 2021 and 2020 revenue were as follows:

	For the years ended December 31	
	2021	2020
Contract termination income	\$ 9,914	20,296
Dividend income	-	15,166
Other income	189,378	129,723
	\$ 199,292	165,185

(iii) Other gains and losses

For the years ended December 31, 2021 and 2020 other gains and losses were as follows:

	For the years ended December 31	
	2021	2020
Foreign exchange losses	\$ 387	(343)
Gains on disposal of investments	1,851	-
Gain (losses) on disposal of property, plant and equipment	(1,189)	1,836
Gains on disposal of investments properties	245,982	112,057
Gains to the rights transferred of the sale and leaseback	2,025,171	-
Gains on financial assets and liabilities at fair value through profit or loss	2,556	40,633
Impairment loss on disposals of property, plant and equipment	(286,000)	(250,000)
Other Income	76	141
Other expenses	(2,296)	(20,066)
	\$ 1,986,538	(115,742)

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Finance costs

For the years ended December 31, 2021 and 2020 details of finance cost of the Group were as follows: :

	For the years ended December 31	
	2021	2020
Interest expense		
Bank loans and collateral	\$ 1,986,191	1,764,392
Amortization on discounted corporate bond	112,094	109,298
Interest on corporate bond	191,691	181,915
Other financial expenses	17,238	35,752
Less: capitalized interest	(1,289,365)	(1,203,941)
	\$ 1,017,849	887,416

(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) 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(d).

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, 2021 and 2020 was determined as follows:

	Other receivables
Balance at December 31, 2021 (as beginning balance)	\$ 8,235
Balance at December 31, 2020 (as beginning balance)	\$ 8,235

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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, 2021				
Non derivative financial liabilities:				
Secured loans	\$ 92,139,896	16,394,626	74,531,566	1,213,704
Unsecured loans	7,217,458	2,562,666	4,654,792	-
Short-term transaction instrument payables	8,191,100	8,191,100	-	-
Other financial liability— current	95,150	95,150	-	-
Convertible bond (Including less than 1 year)	6,379,272	6,379,272	-	-
Ordinary corporate bonds (Including less than 1 year)	24,900,656	2,165,720	22,734,936	-
Notes payable, accounts payable and other payable	11,000,539	11,000,539	-	-
Lease liabilities	984,727	148,891	561,736	274,100
	\$ 150,908,798	46,937,964	102,483,030	1,487,804
December 31, 2020				
Non derivative financial liabilities:				
Secured loans	\$ 75,816,751	6,623,040	53,950,267	15,243,444
Unsecured loans	7,071,335	6,087,947	983,388	-
Short-term transaction instrument payables	8,339,900	8,339,900	-	-
Other financial liability— current	93,917	-	93,917	-
Convertible bond (Including less than 1 year)	10,362,835	-	10,362,835	-
Ordinary corporate bond (Including less than 1 year)	24,369,754	8,666,100	15,703,654	-
Notes payable, accounts payable and other payable	8,544,752	8,505,617	39,107	28
Lease liabilities	580,268	58,431	211,848	309,989
	\$ 135,179,512	38,281,035	81,345,016	15,553,461

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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

If the interest rate had increased / decreased by 0.5% basis points, the Group's interest expense would have increased / decreased by \$513,190 thousand and \$443,185 thousand for the years ended December 31, 2021 and 2020. Taking into account that capitalized interest of profit may decrease or increase by \$226,398 thousand and \$188,055 thousand. This is mainly due to the Group's borrowing at variable rates.

3) Other market price risk

For the years ended December 31, 2021 and 2020, 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			
	2021		2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Price of securities at reporting date				
Increasing 10%	\$ 55,646	27,285	55,314	26,355
Decreasing 10%	\$ (55,646)	(27,285)	(55,314)	(26,355)

(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, and financial assets at fair value through other comprehensive income 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 lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 272,854	272,854	-	-	272,854
Financial assets at fair value through other comprehensive income					
Stocks in unlisted company	\$ 556,458	-	556,458	-	556,458
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 11,893,909	-	-	-	-
Notes and accounts receivable	2,563,405	-	-	-	-
Other financial assets – current	13,495,015	-	-	-	-
Other financial assets – non-current	6,401,254	-	-	-	-
Subtotal	\$ 34,353,583	-	-	-	-

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Short-term loans	\$ 91,514,373	-	-	-	-
Short-term investment payables	8,181,389	-	-	-	-
Notes payable, accounts payable and other payables	11,000,539	-	-	-	-
Lease liabilities	904,175	-	-	-	-
Other financial liabilities – current	95,150	-	-	-	-
Corporate bonds payable (Including less than 1 year)	30,589,659	-	-	-	-
Long-term loans (Including less than 1 year)	2,942,213	-	-	-	-
Subtotal	<u>\$ 145,227,498</u>	-	-	-	-
	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 6,816	-	6,816	-	6,816
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>263,550</u>	<u>263,550</u>	-	-	<u>263,550</u>
Subtotal	<u>\$ 270,366</u>	<u>263,550</u>	<u>6,816</u>	-	<u>270,366</u>
Financial assets at fair value through other comprehensive income					
Stocks in unlisted company	\$ 553,139	-	553,139	-	553,139
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 10,538,810	-	-	-	-
Notes and accounts receivable	1,768,832	-	-	-	-
Other financial assets- current	12,310,906	-	-	-	-
Other financial assets- non-current	<u>11,148,989</u>	-	-	-	-
Subtotal	<u>\$ 35,767,537</u>	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term loans	\$ 74,772,187	-	-	-	-
Short-term investment payables	8,332,703	-	-	-	-
Notes payable, accounts payable and other payables	8,544,752	-	-	-	-
Lease liabilities	521,013	-	-	-	-
Other financial liabilitiesNon – current	93,917	-	-	-	-
Corporate bonds payable (Including less than 1 year)	33,862,255	-	-	-	-
Long-term loans (Including less than 1 year)	<u>5,532,091</u>	-	-	-	-
Subtotal	<u>\$ 131,658,918</u>	-	-	-	-

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 2021 and 2020. There is no transfer between first and second level measured at fair value in 2021 and 2020.

(ac) 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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 to subsidiaries and companies with business dealings that directly and indirectly hold more than 50% of the voting shares. At December 31, 2021, the situation of the Group provided guarantees to wholly owned subsidiaries, please refer to note 13(a). As of December 31, 2021, the Group did not provide any guarantee externally.

(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.

(ad) 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 liabilities.

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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of 2021, the Group's capital management strategy is consistent with the prior year as of 2020. 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, 2021, is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 157,800,192	145,006,840
Less: cash and cash equivalents	(11,893,909)	(10,538,810)
Net debt	145,906,283	134,468,030
Total Equity	45,715,401	35,800,518
Capital after adjustment	\$ 191,621,684	170,268,548
Debt-to-equity ratio	76.14%	78.97%

(ae) 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, 2021 and 2020, were as follows:

- (i) By the lease to get the right-of-use asset, please refer to notes 6(k).
- (ii) For conversion of convertible bonds to ordinary shares, please refer to notes 6(q) and 6(w).

(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.

<u>Name of related party</u>	<u>Relationship with the Group</u>
OO, Tasi	Key management personnel of the subsidiary
OO, Chen	Key management personnel
OO, Huang	The second immediate family of the key management personnel
OO, Fan	The director of the Group
OO, Jeng	The second immediate family of the director of the Group
OO, Lin	Key management personnel
OO, Hsu	Key management personnel of the subsidiary
OO, Lu	Key management personnel of the subsidiary
OO, Yeh	The second immediate family of the key management personnel
Oo, Wu	The second immediate family of the key management personnel
Da Li Investment Co., Ltd	The entity's chairman is the key management personnel of the Group
Goyu Construction Co., Ltd	The entity is a joint venture under the Group's joint arrangement

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of related party	Relationship with the Group
Taichung Highwealth Culture and ArtFoundation	Same president with the Group

(b) Significant transactions with related parties

(i) Sales

The sales price from related parties are summarized as follows:

	Revenue recognized		Prepayment for selling real estate	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
○○, Chen	\$ -	-	543	514
○○, Fan	-	-	2,543	952
○○, Lin	-	-	1,124	143
○○, Huang	-	-	1,070	-
○○, Lu	-	-	2,800	-
○○, Yeh	-	-	1,528	-
○○, Wu	-	7,329	-	-
Total	\$ -	7,329	9,608	1,609

The contract amount for selling the real estate to the related parties was \$56,238 thousand and \$53,919 thousand (including tax), and the selling price and receivable term do not have significant different from unrelated parties.

(ii) Purchase

The purchases price from related parties are summarized as follows:

	For the years ended December 31	
	2021	2020
The entity is a joint venture under the Group's joint arrangement	\$ 21,803	45,072

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

(iii) Payables to related parties

The payables to related parties were as follows:

Accounted items	Catagories	December 31, 2021	December 31, 2020
Accounts payable	Other related parties	\$ 3,408	1,358

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Leases

- 1) The Group rented the staff dormitory from related parties were as follows:

	Rent income	
	For the years ended December 31	
	2021	2020
Other related parties	\$ 420	420

- 2) The Group leased offices to related parties were as follows:

	Rent expense	
	For the years ended December 31	
	2021	2020
Other related parties	\$ 47	41

(v) Others

- 1) In September, 2008, The Group sold a portion of land to Tsai, ○○ 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, 2021 and 2020, other payables were both \$5,000 thousand.
- 2) In 2021, the Group donated \$473 thousand dollars to Taichung Highwerlth Culture and Art Foundation for its promotion and Art Foundation for its promotion and development.
- 3) The Group sold the premises to other related parties for the amount of \$450 thousand dollars in 2021.

(c) Key management personnel transaction

Key management personnel compensation comprised:

	For the years ended December 31	
	2021	2020
	Short-term employee benefits	\$ 147,184

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Financial assets at FVTPL—current	Mortgage	\$ 182,700	180,000
Notes receivable	Mortgage	1,388,946	214,259
Inventories (construction)	Mortgage, issuing commercial paper and bonds payable	126,703,633	102,068,232
Other financial assets—current and non-current	Mortgage, issuing commercial paper, performance bond, real estate trust account and bond payable	17,838,429	22,567,819
Property, plant and equipment	Mortgage and bonds payable	2,048,517	446,754
Investment property at net value	Mortgage, issuing commercial paper and bonds payable	5,134,541	4,448,333
Non—current assets for sale	Mortgage and bonds payable	-	1,244,613
		<u>\$ 153,296,766</u>	<u>131,170,010</u>

As of December 31, 2021 and 2020, the book value of pledged assets providing undrawn guaranteed loan are \$59,342 thousand and \$4,350,292 thousand, respectively. For the years ended December 31, 2021 and 2020, the Group provided \$4,814,232 thousand and \$4,173,004 thousand of notes receivable of presale cases and \$9,307 thousand of shares of its subsidiaries as collateral for the bank loan.

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

(i) Contract price signed with clients were as follows:

	December 31, 2021	December 31, 2020
Amount of signed contracts (construction)	<u>\$ 119,825,111</u>	<u>106,494,954</u>
Received amount from contracts	<u>\$ 10,328,779</u>	<u>11,609,186</u>
Outstanding checks received from presale cases	<u>\$ 8,276,876</u>	<u>6,089,383</u>

(ii) Unrecognized commitments generated by signing contracts for purchasing land for construction, building bulk, and investment properties are as follows:

	December 31, 2021	December 31, 2020
Acquisition of inventory (construction)	<u>\$ 5,107,932</u>	<u>4,014,262</u>
Acquisition of investment property	<u>\$ 840,848</u>	<u>-</u>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Construction contract price signed by subsidiaries is as follows:

	December 31, 2021	December 31, 2020
Amount of signed contracts	\$ 314,060	651,791
Received amount from contracts	\$ 168,436	358,878

(iv) As of December 31, 2020, the Company had not recognized the transaction of sale-and-leaseback, and the total amount expects to pay in the future is \$483,946 thousand, and the expected rent term is January 1, 2021 to July 2026.

(b) Others

(i) As of December 31, 2021 and 2020, the refundable deposit paid for cooperation cases are \$991,789 thousand and \$411,649 thousand, respectively. As of December 31, 2021, the refundable guaranteed notes paid for property purchase is \$161,410 thousand.

(ii) As of December 27, 2021, the board of the parent company has decided to sign a Contract of urban renewal project entrustment implementation of "Kaohsiung Multifunctional Commerce and Trade Park Special Trade III (North Base) Land" and has signed the contract on 8th of February, 2022.

(10) Losses due to major disasters: None

(11) Subsequent events:

A resolution was approved during the board meeting held on March 7, 2022 for the Group to donate 113 thousand of its shares in Li Shon Investment Co., Ltd., amounting to \$87,072 thousand, to other related party, Taichung Highwealth Culture and Art Foundation.

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, were as follows:

By function	For the years ended December 31					
	2021			2020		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
By item						
Employee benefits						
Salary	233,410	845,055	1,078,465	290,394	738,594	1,028,988
Labor and health insurance	23,335	71,995	95,330	26,910	63,736	90,646
Pension	11,415	32,060	43,475	14,022	31,318	45,340
Others	8,807	42,809	51,616	11,414	33,936	45,350
Depreciation (Note)	70,574	150,507	221,081	64,559	155,863	220,422
Depletion	-	-	-	-	-	-
Amortization	2,093	12,740	14,833	2,300	12,040	14,340

Note: In 2021 and 2020, depreciation expense was excluded \$4,225 thousand and \$8,061 thousand renovation subsidies for public facilities in department stores.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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	Qi Yu Construction Co., Ltd	2	\$ 40,723,869	8,846,000	8,846,000	4,238,000	-	21.72%	81,447,738	Y	N	N
0	The company	Bo Yuan Construction Co., Ltd	2	40,723,869	1,269,744	1,115,000	547,000	148,000	2.74%	81,447,738	Y	N	N
0	The company	Yuan Sheng Intern. Co., Ltd	2	40,723,869	340,000	340,000	240,000	-	0.83%	81,447,738	Y	N	N
0	The Company	Bi Chiang Enterprise Co., Ltd	2	40,723,869	3,195,000	3,195,000	1,550,000	50,000	7.85%	81,447,738	Y	N	N
1	Yi Chi Enterprise Co., Ltd	The company	3	40,723,869	1,907,700	1,907,700	1,907,700	1,907,700	4.68%	81,447,738	N	Y	N
3	Qi Yu Construction Co., Ltd	Goyu Building Materials Co.,Ltd	6	40,723,869	42,000	-	-	-	- %	81,447,738	N	N	N
3	Qi Yu Construction Co., Ltd	Yuan Sheng Intern. Co., Ltd	1	40,723,869	100,000	-	-	-	- %	81,447,738	Y	N	N
3	Jin June Construction Co., Ltd	Run Long Construction Co., Ltd	3	1,335,002	600,000	600,000	450,000	600,000	8.99%	3,337,506	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, Yi Chi Enterprise Co., Ltd., and Qi Yu construction Co., Ltd. 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 Run Long Construction Co., Ltd. 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 50% of the net value of Run Long Construction Co., Ltd.
2. The guarantee amount for a single enterprise endorsement shall not exceed 20% of the current net value of Run Long Construction Co., Ltd.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousand)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Stock-Li Shuo investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	712,500	\$ 551,458	19.00%	551,458	19.00%	
"	Stock-Shin Kong Rral Estate Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	500,000	5,000	1.67%	5,000	1.67%	
"	Stock- Da-Li Development Co., Ltd.	-	Financial assets at fair value through profit or loss – current	8,960,710	272,854	2.31%	272,854	2.31%	
Ju Feng Hotel Management Co., Ltd.	Stock- Highwealth Construction Corp.	Ultimate Parent Company	Financial assets at fair value through other comprehensive income – non-current	4,578,348	211,749	0.33%	211,749	0.36%	Note 2
Highwealth Real Estate Co., Ltd.	Stock- Highwealth Construction Corp.	Ultimate Parent Company	Financial assets at fair value through other comprehensive income – non-current	8,849,291	409,280	0.64%	409,280	0.69%	Note 2
Qi Yu Construction Co., Ltd.	Stock- Highwealth Construction Corp.	Ultimate Parent Company	Financial assets at fair value through other comprehensive income – non-current	2,744,601	126,938	0.20%	126,938	0.21%	Note 2
"	Company Debt- China Rebar Co., Ltd.	-	Financial assets at amortized cost – current	3	-	- %	-	- %	Note 1
Run Long Construction Co., LTD.	Stock-Highwealth Construction Corp.	Ultimate Parent Company	Financial assets at fair value through other comprehensive income-current	13,145,000	607,956	0.94%	607,956	1.02%	Note 2

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 (Note 1)	Shares	Amount
The Company	Chyi Yuh Construction Co., Ltd.	Investments accounted for using equity method, net	Capital increase	The subsidiary	205,000,000	\$ 1,553,351	150,000,000	1,500,000	-	-	-	-	355,000,000	4,038,105

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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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	Hui Shun Third	January 11, 2021	\$ 1,791,274	1,791,274	OO, Chen and other 2 people	Not related parties	-	-	-	-	Appraisal	Constrection
"	Jhong Gang Huei Min Second	February 24, 2021	2,857,377	2,857,377	OO, Jang and other 10 people	"	-	-	-	-	"	"
"	Shan Jieh Second	March 19, 2021	3,969,270	3,969,270	OO, Shen and Shu Guang Construction	"	-	-	-	-	"	"
"	Jhong Gang Huei Min Second	April 23, 2021	1,276,445	1,276,445	OO, Wu other 8 people	"	-	-	-	-	"	"
"	Fu Dou Sin Sixth	May 7, 2021	8,527,367	8,527,367	OO, Lin and other 7 people	"	-	-	-	-	"	"
"	Sin Sing Section	May 7, 2021	1,560,985	1,560,985	OO, Huang and Hotel Tien-You and T Hotel	"	-	-	-	-	"	"
"	Jhong Gang Huei Min Second	September 27, 2021	1,020,000	510,000	OO, Huang and other 9 people	"	-	-	-	-	"	"
"	Huei Guo Second	November 11, 2021	2,091,041	418,208	OO, Lin And Other 11 People	"	-	-	-	-	"	"
Qi Yu Construction Co., Ltd	Huei Shun Section	April 22, 2021	3,196,557	3,196,557	OO, Liou and other 13 people	"	-	-	-	-	"	"
"	Ching Shan Section	September 14, 2021	2,422,989	2,422,989	Taoyuan City Government	"	-	-	-	-	Open tender	"
Run Long Construction Co., Ltd	Shan Jieh Section	September 7, 2021	1,614,096	1,614,096	OO, Chen and other 7 people	"	-	-	-	-	Appraisal	"
"	Anping Dist., Tainan City Sin Nan Section	November 9, 2021	1,223,873	371,621	OO, Jang and other 15 people	"	-	-	-	-	"	"
Bi Chiang Enterprise Co., Ltd	Wan Nei Section	November 15, 2021	2,340,488	1,500,000	GOLDSUN BUILDING MATERIALS CO., LTD.	"	-	-	-	-	"	Acquire investment assets

Note: The transaction included payment for buildings and the right to apply for building permit.

(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	Investment Property, Plant and Equipment	July 13, 2021	Not applicable	288,131	783,888	783,888	445,309	Tai o Insurance Co., Ltd.	Unrelated party	Business purpose	Appraisal	Sold then lease back

Note 1: Cost and Expenditure of disposal incurred were excluded.

Note 2: In2021, the losses have been recognized and accounted for other gains and losses.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 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	Qi Yu Constructicon Co., Ltd	Investee accounted for using equity method	Contracting project	\$ 7,771,597	20.89%	Pay by contract terms	-	-	(1,418,380)	(70.14)%	Note 2
The Company	Jin Jyun Construction Co., Ltd	Investee accounted for using equity method	Contracting project	660,444	1.78%	Pay by contract terms	-	-	(96,679)	(4.78)%	Note 2
Qi Yu Constructicon Co., Ltd	The Company	The ultimate parent of the company	Contracted project	(7,862,332)	(91.83)%	Receive by contract terms	-	-	1,418,380	89.95%	Note 1

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Qi Yu Construciton Co., Ltd	Run Long Construction Co., Ltd	Investee accounted for using equity method	Contracted project	(469,501)	(5.48)%	Receive by contract terms	-	-	153,274	9.72%	Note 1
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HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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)	
Qi Yu Construction Co., Ltd.	Bo Yuan Construction Co., Ltd.	Investee accounted for using equity method	Contracted project	(176,494)	(2.06)%	Receive by contract terms	-	-	660	0.04%	Note 1
Run Long Construction Co., Ltd.	Qi Yu Construction Co., Ltd.	Investee accounted for using equity method	Contracting project	376,780	4.21%	Pay by contract terms	-	-	(153,274)	(12.76)%	Note 2
Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd.	Investee accounted for using equity method	Contracting project	2,987,553	33.38%	Pay by contract terms	-	-	(557,514)	(46.40)%	Note 2
Jin Jyun Construction Co., Ltd.	The Company	The ultimate parent of the company	Contracted project	(580,172)	(14.03)%	Receive by contract terms	-	-	96,679	12.66%	Note 1
Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd.	Investee accounted for using equity method	Contracted project	(3,310,591)	(80.04)%	Receive by contract terms	-	-	557,514	72.98%	Note 1
Bo Yuan Construction Co., Ltd.	Qi Yu Construction Co., Ltd.	The ultimate parent of the company	Contracted project	176,242	79.09%	Pay by contract terms	-	-	(660)	(1.46)%	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: 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		
Qi Yu Construction Co., Ltd.	The company	The ultimate parent of the company	1,418,380	6.36	-		849,795	-
"	Run Long Construction Co., Ltd.	Investee accounted for using equity method	153,274	1.37	-		111,993	-
Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd.	Investee accounted for using equity method	557,514	7.86	-		244,405	-

(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	Qi Yu Construction Co., Ltd.	1	Accounts payable	\$ 1,418,380	Same with peer terms	0.70%		
				Operating Cost	7,771,597	Same with peer terms	17.55%		
				Jin Jyun Construction Co., Ltd.	1	Accounts payable	96,679	Same with peer terms	0.05%
				1	Operating Cost	660,444	Same with peer terms	1.49%	
1	Qi Yu Construction Co., Ltd.	The Company	2	Accounts Receivable	1,418,380	Same with peer terms	0.70%		
				2	Operating Revenue	7,862,332	Same with peer terms	17.76%	
				Run Long Construction Co., Ltd.	3	Accounts Receivable	153,274	Same with peer terms	0.08%
					3	Operating Revenue	469,501	Same with peer terms	1.06%
2	Run Long Construction Co., Ltd.	Qi Yu Construction Co., Ltd.	3	Accounts Receivable	660	Same with peer terms	-%		
				3	Operating Revenue	176,494	Same with peer terms	0.40%	
				Bo Yuan Construction Co., Ltd.	3	Accounts payable	153,274	Same with peer terms	0.08%
					3	Operating Cost	376,780	Same with peer terms	0.85%
3	Jin Jyun Construction Co., Ltd.	The Company	3	Accounts payable	557,514	Same with peer terms	0.27%		
				3	Operating Cost	2,987,553	Same with peer terms	6.75%	
				Jin Jyun Construction Co., Ltd.	2	Accounts Receivable	96,679	Same with peer terms	0.05%
					2	Operating Revenue	580,172	Same with peer terms	1.31%
		Run Long Construction Co., Ltd.	3	Accounts Receivable	557,514	Same with peer terms	0.27%		

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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
			3	Operating Revenue	3,310,591	Same with peer terms	7.48%
4	Bo Yuan Construction Co., Ltd.	Qi Yu Construction Co., Ltd.	2	Accounts Payable	660	Same with peer terms	-%
			2	Operating Cost	176,242	Same with peer terms	0.40%

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, 2021 (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, 2021			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousand)	Percentage of ownership	Carrying value				
The Company	Ju Feng Hotel Management Co., Ltd.	Taiwan	Residential and building development, rental and sales	\$ 12,000	12,000	1,200,000	100.00%	(52,826)	100.00%	5,560	(87,233)	
"	Highwealth Property Co., Ltd.	Taiwan	Real estate brokerage, real estate trading	25,000	25,000	2,500,000	100.00%	55,176	100.00%	17,337	(404)	
"	Qi Yu Construction Co., Ltd.	Taiwan	Construction, housing and building development rental services etc.	3,030,041	1,530,041	355,000,000	100.00%	4,038,105	100.00%	362,677	324,237	
"	Run Long Construction Co., Ltd.	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	861,910	861,910	22,422,816	5.72%	258,064	5.72%	1,671,830	69,789	
"	Yi Chi Enterprise Co., Ltd.	Taiwan	Residential and building development, rental services, etc.	2,423,152	2,423,152	2,200,000	100.00%	2,418,447	100.00%	(17,714)	(17,714)	
"	Bi Jiang Enterprise Co., Ltd.	Taiwan	Residential and building development, rental services, etc.	1,302,900	1,302,900	7,200	100.00%	1,244,074	100.00%	(20,663)	(20,663)	
"	Highwealth Construction Co.	Taiwan	Construction, housing and building development rental services etc.	15,000	5,000	1,500,000	100.00%	11,485	100.00%	391	183	
"	Bo Yuan Construction Co., Ltd.	Taiwan	Residential and building development, rental services, etc.	930,000	930,000	30,800,000	100.00%	66,095	100.00%	(475,615)	(475,615)	
	Yuan Sheng International Co., Ltd.	Taiwan	Investment industry	145,621	-	8,100,000	100.00%	144,048	100.00%	762	6,637	
Chyi Yuh Construction Co., Ltd.	Guang Yang Investment Co., Ltd.	Taiwan	Investment	284,050	284,050	29,900,000	100.00%	459,763	100.00%	97,817	Exempt from disclosure	
"	Yuang Sheng International Co., Ltd.	Taiwan	Wholesale of Building Materials	-	78,484	-	- %	-	100.00%	762	"	
"	Run Long Construction Co., Ltd.	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	803,226	803,226	18,572,400	5.02%	334,118	5.02%	1,671,830	"	
"	Goyu Building Materials Co., Ltd.	Taiwan	Wholesale of Building Materials	120,000	140,000	12,000,000	30.00%	105,962	35.00%	(14,779)	"	
Guang Yang Investment Co., Ltd.	Run Long Construction Co., Ltd.	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	542,850	428,405	24,022,699	6.13%	451,826	6.13%	1,671,830	"	
Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd.	Taiwan	Construction, housing and building development rental services etc.	518,300	518,300	50,000,000	100.00%	502,279	100.00%	79,752	-	

Note : Reconciliated in the preparation of consolidated report, while Goyu Construction is investment adopted equity method.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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	(Note 1) Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	(Note 2) Investment income (losses)	Book value	Accumulated 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	(477)	100.00%	100.00%	(477)	1,213	-
Shin Fu Yu Commercial Co.	Construction material wholesale	27,104 USD 900,000	(1)	27,104 USD 900,000	-	-	27,104 USD 900,000	(87)	100.00%	100.00%	(87)	1,471	-

Note: Reconciliated in the preparation of consolidated report.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
53,659 (USD1,800,000)	53,659 (USD1,800,000)	24,434,321 (Note)

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Xing Ri Sheng Investment Co., Ltd.		98,837,849	7.10%
Ear Winner Investment Co., Ltd.		78,938,890	5.67%

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The Group has three reportable segments listed as follows. The reportable segments are the Group's strategic divisions. They offer different products and services and are managed separately because they require different technology and marketing strategies. The chief operating decision maker of the Group reviews internal management report at least quarterly. Information about reportable segments of the Group is detailed below.

- (i) Developing segment is responsible for developing new constructing or rental opportunities.
- (ii) Constructing segment is responsible for constructing buildings.
- (iii) Department stores manages department stores, supermarkets, and international import and export trade.

(b) Information about reportable segments and their measurement and reconciliations

	For the year ended December 31, 2021					
	Developing segment	Constructing segment	Department store	Other segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 43,935,003	268,364	78,698	-	-	44,282,065
Intersegment	119,297	12,485,039	9,434	-	(12,613,770)	-
Interest revenue	16,432	1,269	-	579	(34)	18,246
Total revenue	\$ 44,070,732	12,754,672	88,132	579	(12,613,804)	44,300,311
Interest expenses	\$ 991,781	3,753	22,340	8	(33)	1,017,849
Depreciation and amortization	123,036	46,856	101,516	321	(31,590)	240,139
Share of profit (loss) of associates and joint ventures accounted for using equity method	188,891	(174,513)	-	-	(9,894)	4,484
Reportable segment profit or loss	\$ 11,412,895	473,566	(467,511)	97,080	(319,327)	11,196,703
Investments accounted for using equity method	\$ 8,687,631	985,783	-	451,826	(10,019,278)	105,962
Capital expenditure	1,683,265	17,088	14,362	-	(8,948)	1,705,767
Reportable segment assets	\$ 206,226,009	13,592,849	767,410	486,599	(17,557,274)	203,515,593
Reportable segment liabilities	\$ 156,126,843	9,234,869	1,234,921	588	(8,797,029)	157,800,192

	For the year ended December 31, 2020					
	<u>Developing segment</u>	<u>Constructing segment</u>	<u>Department store</u>	<u>Other segment</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue from external customers	\$ 22,755,194	1,583,139	124,685	-	-	24,463,018
Intersegment	141,343	12,704,930	12,309	-	(12,858,582)	-
Interest revenue	20,498	1,737	475	91	(39)	22,762
Total revenue	\$ 22,917,035	14,289,806	137,469	91	(12,858,621)	24,485,780
Interest expenses	\$ 868,754	990	17,605	107	(40)	887,416
Depreciation and amortization	104,976	27,892	109,641	314	-	242,823
Share of profit (loss) of associates and joint ventures accounted for using equity method	(550,977)	15,396	-	2,802	527,790	(4,989)
Reportable segment profit or loss	\$ 3,113,564	278,645	(422,169)	6,032	340,085	3,316,157
Investments accounted for using equity method	\$ 5,914,922	850,001	-	327,634	(6,963,962)	128,595
Capital expenditure	18,872	139,592	46,012	-	248	204,724
Reportable segment assets	\$ 182,660,461	8,197,909	210,695	472,920	(10,734,627)	180,807,358
Reportable segment liabilities	\$ 139,612,464	7,840,261	1,077,227	702	(3,523,814)	145,006,840

(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 operating revenues in 2020.

	For the years ended December 31 2020
Construction Department—Ya o Shin International Development	\$ 2,340,682
Construction Department—Shin o Real Estate	2,340,682
	\$ 4,681,364

V. The Parent Only Financial Statement Audited by the CPAs of the Recent Year

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, 2021 and 2020, 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, 2021 and 2020, 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.

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, 2021. 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(w) 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 \$33,952,426 thousand in 2021, 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. 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 6(e) 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, 2021, inventory of the Company valued \$109,347,222 thousand, constituting 73% 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, 2021 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 Yilien Han and Ti-Nuan Chien.

KPMG

Taipei, Taiwan (Republic of China)

March 15, 2022

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' audit 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 independent auditors' audit 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.
Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
4000 Operating revenue (Note 6(r) and (w))	\$ 34,035,323	100	18,157,516	100
5000 Operating costs (Note 6(e))	23,689,352	70	12,521,372	69
	Gross profit from operations	10,345,971	5,636,144	31
5920 Add:Realized profit (loss) on from sales	1,486,744	4	1,236	-
	Operating expenses:	11,832,715	5,637,380	31
6100 Selling expenses (Note 7)	1,442,173	4	923,931	5
6200 Administrative expenses	1,096,907	3	724,738	4
	2,539,080	7	1,648,669	9
	Net operating income	9,293,635	3,988,711	22
	Non-operating income and expenses:			
7100 Total interest income (Note 6(y))	9,533	-	8,424	-
7010 Other income (Notes 6(y) and 7)	33,692	-	50,385	-
7020 Other gains and losses, net (Note 6(y))	1,116,626	3	136,188	1
7050 Finance costs, net (Note 6(y))	(858,103)	(3)	(713,351)	(4)
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(g))	(201,347)	-	(477,590)	(3)
	Total non-operating income and expenses	100,401	(995,944)	(6)
	Profit from continuing operations before tax	9,394,036	2,992,767	16
7950 Less: Income tax expenses(Note 6(t))	1,207,168	3	346,966	2
	Profit	8,186,868	2,645,801	14
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains on remeasurements of defined benefit plans(Note 6(s))	10,981	-	(1,469)	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	3,319	-	2,775	-
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	112	-	1,256	-
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	14,412	2,562	-
8360 Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(25)	-	51	-
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	(25)	51	-
8300 Other comprehensive income	14,387	-	2,613	-
	Total comprehensive income	\$ 8,201,255	24	2,648,414
	Earnings per share (Note 6(v))			
	Basic earnings per share	\$ 6.45		2.11
	Diluted earnings per share	\$ 5.44		1.80

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
HIGHWEALTH CONSTRUCTION CORP.
Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollar)

	Share capital		Retained earnings			Total other equity interest					Total equity
	Common stock	Capital surplus	Legal 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	Total other equity interest	Treasury stock		
Balance on January 1, 2020	\$ 11,666,288	424,474	7,227,303	10,629,412	17,856,715	195	532,432	532,627	(83,810)	30,396,294	
Profit (loss)	-	-	-	2,645,801	2,645,801	-	-	-	-	2,645,801	
Other comprehensive income	-	-	-	(213)	(213)	51	2,775	2,826	-	2,613	
Total comprehensive income	-	-	-	2,645,588	2,645,588	51	2,775	2,826	-	2,648,414	
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	68,444	(68,444)	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	(1,166,629)	(1,166,629)	-	-	-	-	(1,166,629)	
Stock dividends of ordinary share	1,166,628	-	-	(1,166,628)	(1,166,628)	-	-	-	-	-	
Conversion of convertible bonds	70,053	203,150	-	-	-	-	-	-	-	273,203	
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	53,304	-	-	-	-	-	-	-	53,304	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(79,797)	(79,797)	-	-	-	-	(79,797)	
Changes in ownership interests in subsidiaries	-	5	-	-	-	-	-	-	(2,758)	(2,753)	
Other changes in capital surplus	-	(112)	-	-	-	-	-	-	-	(112)	
Balance on December 31, 2020	12,902,969	680,821	7,295,747	10,793,502	18,089,249	246	535,207	535,453	(86,568)	32,121,924	
Profit (loss)	-	-	-	8,186,868	8,186,868	-	-	-	-	8,186,868	
Other comprehensive income	-	-	-	11,093	11,093	(25)	3,319	3,294	-	14,387	
Total comprehensive income	-	-	-	8,197,961	8,197,961	(25)	3,319	3,294	-	8,201,255	
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	256,579	(256,579)	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	(2,581,927)	(2,581,927)	-	-	-	-	(2,581,927)	
Conversion of convertible bonds	1,024,562	2,869,886	-	-	-	-	-	-	-	3,894,448	
Purchase of treasury share	-	-	-	-	-	-	-	-	(884,908)	(884,908)	
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	58,773	-	-	-	-	-	-	-	58,773	
Changes in ownership interests in subsidiaries	-	-	-	(83,717)	(83,717)	-	-	-	-	(83,717)	
Changes in other additional paid in capital	-	328	-	-	-	-	-	-	(2,307)	(1,979)	
Balance at December 31, 2021	\$ 13,927,531	3,609,808	7,552,326	16,069,240	23,621,566	221	538,526	538,747	(973,783)	40,723,869	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HIGHWEALTH CONSTRUCTION CORP.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 9,394,036	2,992,767
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	72,755	76,193
Amortization expense	5,540	4,859
Expected credit loss	-	4,680
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(2,556)	(44,151)
Interest expense	858,103	713,351
Interest income	(9,533)	(8,424)
Dividend income	-	(15,166)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	201,347	477,590
Loss on disposal of property, plant and equipment	100	133
Gain on disposal of investment properties	(245,982)	(112,057)
Realized loss (profit) on from sales	(1,486,744)	(1,236)
Gain on lease back	(870,373)	-
Total adjustments to reconcile profit (loss)	<u>(1,477,343)</u>	<u>1,095,772</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets or liabilities at fair value through profit or loss, mandatorily measured at fair value	-	61,327
Increase in notes receivable	(650,743)	(21,901)
(Increase) decrease in accounts receivable	18,288	(5,719)
Increase in inventories	(13,644,914)	(21,678,220)
Increase in biological assets	(78,890)	-
Decrease in prepayments	132,669	63,748
Increase (decrease) in other current assets	(121,919)	7,810
Increase in other financial assets	(303,209)	(5,008,875)
Decrease (increase) in incremental costs to obtaining a contract	339,940	(646,537)
Total changes in operating assets	<u>(14,308,778)</u>	<u>(27,228,367)</u>
Changes in operating liabilities:		
Decrease (increase) in contract liabilities	(1,227,100)	3,216,148
Decrease in notes payable	(1,534)	(3,902)
(Decrease) increase in accounts payable (include related parties)	311,951	(197,279)
(Decrease) increase in other payable	784,951	(23,979)
(Decrease) increase in other financial liabilities	(47,871)	(55,444)
(Decrease) increase in other current liabilities	(188,782)	518,445
Increase in net defined benefit liability	80	466
Total changes in operating liabilities	<u>(368,305)</u>	<u>3,454,455</u>
Total changes in operating assets and liabilities	<u>(14,677,083)</u>	<u>(23,773,912)</u>
Total adjustments	<u>(16,154,426)</u>	<u>(22,678,140)</u>
Cash inflow (outflow) generated from operations	(6,760,390)	(19,685,373)
Income taxes paid	(506,843)	(195,344)
Net cash flows from (used in) operating activities	<u>(7,267,233)</u>	<u>(19,880,717)</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
HIGHWEALTH CONSTRUCTION CORP.
Statements of Cash Flows (CONT' D)
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollar)

	2021	2020
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(1,655,621)	(82,485)
Proceeds from disposal of non-current assets classified as held for sale	1,672,657	308,773
Acquisition of property, plant and equipment	(5,921)	(3,938)
Acquisition of intangible assets	(6,525)	(4,426)
Proceeds from disposal of investment properties	-	154,093
Interest received	9,522	8,460
Dividends received	23,931	221,459
Net cash flows from (used in) investing activities	38,043	601,936
Cash flows from (used in) financing activities:		
Increase in short-term loans	24,958,290	35,411,358
Decrease in short-term loans	(14,489,865)	(20,504,355)
(Decrease) increase in short-term notes and bills payable	(293,282)	2,012,869
Proceeds from issuing bonds	7,000,000	5,000,000
Repayments of bonds	(7,000,000)	-
Proceeds from long-term debt	500,000	550,000
Repayments of long-term debt	(1,820,370)	(144,838)
Payment of lease liabilities	(31,995)	(11,746)
Increase in other financial liabilities	-	(355,911)
Cash dividends paid	(2,581,927)	(2,333,257)
Payments to acquire treasury shares	(884,908)	-
Interest paid	(1,619,680)	(1,383,631)
Other financing activities	4,438,088	-
Net cash flows from financing activities	8,174,351	18,240,489
Net increase (decrease) in cash and cash equivalents	945,161	(1,038,292)
Cash and cash equivalents at beginning of the year	6,543,049	7,581,341
Cash and cash equivalents at end of the year	\$ 7,488,210	6,543,049

See accompanying notes to parent company only financial statements.

(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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollar, 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. 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 financial statements:

The parent company only financial statements were authorized for issuance by the Board of Directors on March 15, 2022.

(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. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the parent company only financial statements are summarized as below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

- (a) Statement of compliance

These parent company only 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”).

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(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 following significant accounts.

- 1) Financial asset measured at fair value through profit or loss are measured at fair value;
- 2) Financial instruments measured at 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 4(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 NTD 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.

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 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.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

(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 are translated at the average exchange rate. Translation differences are recognized in other comprehensive income.

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

An asset is classified as current when

- (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.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

(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

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) – equity investment, or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends 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 are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established, which in the case of quoted securities is normally company the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at 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, consider account any dividend and interest income, are recognized in profit or loss.

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.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") 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 accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

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.

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 months 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.

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.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

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. An evidence that a financial asset 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 assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and its recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure 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, or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity instruments

Debt and or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences the 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.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized 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.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

6) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

(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, and capitalization of interest.

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) Construction site

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 (prevailing market condition) in the ordinary course of business, less the estimated costs and selling expenses needed to complete.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

3) Real estate for sales

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 selling cost and expenses need to sell the real estate.

(h) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Company's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(i) Investing subsidiaries

In preparing the parent company only financial statements of the Company, investee company that controlled by the Company is accounted for under the equity method. Under equity method, profit for the year and other comprehensive income for the year reported in an entity's Parent Company only financial statement of comprehensive income, shall equal to profit for the year and other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's Parent Company only financial statements shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

The Company's changes in equity interests in subsidiaries that did not lead to loss of control, deemed as equity transactions between owners.

(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 initially recognized at cost and then subsequently measured at cost again. The depreciation expense is appropriated in accordance with the depreciable amount after the initial recognition. The depreciation methods, useful lives, and residual values of investment property are same as the practice of the property, plant, and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company.

(iii) 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.

Land is not depreciated.

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

1) Buildings	3~50 years
2) Transportation equipment	5 years
3) Office equipment	3~5 years
4) Other equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) 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.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

(l) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) Fixed payments;
- 2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) Amounts expected to be payable under a residual value guarantee; and
- 4) Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- 1) There is a change in future lease payments arising from the change in an index or rate; or
- 2) There is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) There is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 4) There is a change of its assessment on lease period on whether it will exercise an extension or termination option; or
- 5) There are any lease modifications

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component basis on their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment and lease of low-value assets, The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Company applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Company derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Company applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Company continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs incurred in negotiating and arranging on operating lease is added to the net investment of the lease asset. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives 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

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Computer software	1 ~ 3 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Revenue

(i) Revenue from contracts with customers

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

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

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) Contract costs-incremental costs of obtaining a contract

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.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided in the periods during which services are rendered by employees.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for 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. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid 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.

(q) 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 comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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).

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

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.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset 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.

- (r) Earnings per share

The Company disclose the Company's basic and diluted earnings per share attributable to ordinary shareholders 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.

- (s) Operating segments

Please refer to the consolidated financial report of Highwealth Construcion Corp. for the years ended December 31, 2021 and 2020 for operating segments information.

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

In preparing these parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by securities, Issuers, the Regulations and the IFRSs endorsed by the FSC, requires management has made 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.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

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 for the assumptions of uncertainty and the estimation having significant risks that will result in significant adjustments in the following year is as follows:

(a) Valuation of inventories

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(e) for inventory valuation.

The Company's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value. 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.

If there is any movement of financial instruments measured at fair value between Level 1, Level 2 and Level 3, the Company recognizes the movement at the reporting date. Please refer notes as follows:

- (a) Note 6(k) Investment property.
(b) Note 6(z) Financial instruments.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Bank overdrafts used for cash management purposes	\$ 2,167	3,862
Demand and time deposits	7,486,043	6,539,187
Cash and cash equivalent	\$ 7,488,210	6,543,049

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

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Mandatorily measured at fair value through profit or loss:		
Stocks listed on domestic markets	\$ 272,854	263,550
Embedded derivative-call options and conversion options	-	6,816
Total	<u>\$ 272,854</u>	<u>270,366</u>

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

In 2020, the acquisition and disposal gain or loss on financial assets at fair value through profit or loss of the Company was \$11,009 thousand and \$72,336 thousand, respectively.

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

Please refer to note 8 for the financial asset that had been pledged as collateral for bank borrowings for the years ended December 31, 2021 and 2020.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Equity investments at fair value through other comprehensive income:		
Unlisted Common Share	<u>\$ 556,458</u>	<u>553,139</u>

(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.

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

(iii) As of December 31, 2021, and 2020, the financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral for long-term borrowings.

(d) Notes and account receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Note receivables	\$ 1,945,844	1,295,101
Accounts receivables	91,599	109,887
Less: loss allowance	7,672	7,672
	<u>\$ 2,029,771</u>	<u>1,397,316</u>

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

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. 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 were as followed:

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance Provision
Current	\$ 2,029,771	-	-
More than 365 days past due	7,672	100%	7,672
	\$ 2,037,443		7,672

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance Provision
Current	\$ 1,397,316	-	-
More than 365 days past due	7,672	100%	7,672
	\$ 1,404,988		7,672

The movement in the allowance for notes and accounts receivable was as follows :

	For the years ended December 31	
	2021	2020
Balance on January 1	\$ 7,672	2,992
Impairment losses recognized	-	4,680
Balance on December 31	\$ 7,672	7,672

As of December 31, 2021 and 2020, note receivables had been pledged as collateral, please refer to note 8.

(e) Inventories

	December 31, 2021	December 31, 2020
Properties and Land held for sale	\$ 10,036,525	10,271,781
Land held for construction sites	34,353,988	24,570,145
Construction in progress	63,989,505	62,623,600
Prepaid for land purchase	967,204	-
Total	\$ 109,347,222	97,465,526

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

For the years ended December 31, 2021 and 2020, the cost of goods sold recognized in parent company only comprehensive income amounted to \$23,647,760 thousand and \$12,480,646 thousand, respectively. For the year ended December 31, 2020, 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 goods sold \$7,886 thousand, respectively. For the years ended December 31, 2021 and 2020, there is no write-offs or reversals of inventories.

For the years ended December 31, 2021 and 2020, the Company has changed the usage of partial asset, and reclassified properties and land held for sale to construction in progress and investment property according to definition, please refer to note 6(k).

For the years ended December 31, 2021 and 2020, construction in progress of the company is calculated using a capitalization rate 1.79% and 1.91%, respectively. For capitalized interest, please refer to note 6(y).

As of December 31, 2021 and 2020, the inventories of the Company had been pledged as collateral for bank borrowings, please refer to note 8.

(f) Non-current assets held for sale

Since the selling process to dispose the land and building located at JinTai section, Zhongshan Dist., Taipei City, has commenced based on the resolution made during the board meetings held on November 26, 2020 and December 24, 2020, the Company reclassified the above property and building to non-current assets held-for-sale. As December 31, 2020, the carrying value of the non-current assets held-for-sale, and the contract amount for the disposal and leased back, as well as the selling price, amounted to \$733,106 thousand, \$1,628,706 thousand (tax included) and \$401,552 thousand (VAT included), respectively, resulting in a loss to be recognized as other operating income and loss in the statements of comprehensive income; please refer to note 6(y).

Tassets held for sale of the Company had been pledged as collateral, please refer to note 8.

(g) 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, 2021	December 31, 2020
Subsidiaries	\$ 8,185,352	5,295,101

(i) Subsidiaries

Please refer to consolidated financial statement of 2021.

Due to the organizational structure adjustment of the Company, the Board of Directors made a resolution on May 7, 2020 to acquire 100% of the common stock of Yuan Sheng International Co., Ltd., which was previously entirely owned by Qi Yu Construction Co., Ltd., by cash \$145,621 thousand. On May, 2020, the Company acquired direct control over Yuan Sheng International Co., Ltd.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

The Board of Directors made a resolution on 11th November, 2021 and 25th November, 2021 to invest in Qi Yu Construction Co., Ltd. with 100,000 thousand and 50,000 thousand shares, respectively. The price per share is \$10. The company has purchased 1,000 thousand additional shares of Highwealth Construction Corp. The price per share is \$10.

(ii) Guarantees

As of December 31, 2021 and 2020, the investments accounted for using equity method had been pledged as collateral for bank borrowings, please refer to note 8.

(h) Changes in a parent's ownership interest in a subsidiary

The Company acquired Run Long Construction Co., Ltd.'s shares with cash in 2021 and 2020.

The effects of the changes in shareholdings were as follows:

	For the years ended December 31	
	2021	2020
Carrying amount of non-controlling interest on acquisition	\$ 30,729	33,031
Consideration paid to non-controlling interests	(114,446)	(112,828)
Retained earnings	\$ (83,717)	(79,797)

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	Buildings and Other			
	Land	construction	equipment	Total
Cost or deemed cost:				
Balance on January 1, 2021	\$ 247,050	217,982	53,920	518,952
Additions	-	1,386	4,535	5,921
Disposals	-	-	(3,300)	(3,300)
Balance on December 31, 2021	\$ 247,050	219,368	55,155	521,573
Balance on January 1, 2020	\$ 487,463	440,954	65,017	993,434
Additions	-	-	3,938	3,938
Disposals	-	-	(15,035)	(15,035)
Reclassification to investment property	(240,413)	(222,972)	-	(463,385)
Balance on December 31, 2020	\$ 247,050	217,982	53,920	518,952
Depreciation and impairments loss:				
Balance on January 1, 2021	\$ -	57,879	23,497	81,376
Depreciation	-	7,830	10,411	18,241
Disposals	-	-	(3,200)	(3,200)
Balance on December 31, 2021	\$ -	65,709	30,708	96,417

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

	<u>Land</u>	<u>Buildings and construction</u>	<u>Other equipment</u>	<u>Total</u>
Balance on January 1, 2020	\$ -	67,565	26,659	94,224
Depreciation	-	12,174	11,740	23,914
Reclassification to investment property	-	(21,860)	-	(21,860)
Disposals	-	-	(14,902)	(14,902)
Balance on December 31, 2020	<u>\$ -</u>	<u>57,879</u>	<u>23,497</u>	<u>81,376</u>
Carrying amounts:				
Balance on December 31, 2021	<u>\$ 247,050</u>	<u>153,659</u>	<u>24,447</u>	<u>425,156</u>
Balance on December 31, 2020	<u>\$ 487,463</u>	<u>373,389</u>	<u>38,358</u>	<u>899,210</u>
Balance on January 1, 2020	<u>\$ 247,050</u>	<u>160,103</u>	<u>30,423</u>	<u>437,576</u>

- (i) In order to optimize its assets, the Company reclassified its disposed assets to non-current assets held-for-sale in December, 2020 (Please refer to note 6(f) for details).
- (ii) As of December 31, 2021 and 2020, the property, plant and equipment of the Company had been pledged as collateral for bank borrowings, please refer to note 8.

(j) Right-of-use assets

The Company leases assets including land and transportation equipment. Information about leases for which the Company as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2021	\$ 4,853	-	1,886	6,739
Additions	-	59,062	-	59,062
Decrease	(4,853)	-	(1,886)	(6,739)
Balance on December 31, 2021	<u>\$ -</u>	<u>59,062</u>	<u>-</u>	<u>59,062</u>
Balance on January 1, 2020	\$ 21,135	-	1,886	23,021
Additions	2,988	-	-	2,988
Lease Improvement	(19,270)	-	-	(19,270)
Balance on December 31, 2020	<u>\$ 4,853</u>	<u>-</u>	<u>1,886</u>	<u>6,739</u>
Depreciation and impairment losses:				
Balance on January 1, 2021	\$ 3,426	-	1,886	5,312
Depreciation for the year	1,427	10,738	-	12,165
Decrease	(4,853)	-	(1,886)	(6,739)
Balance on December 31, 2021	<u>\$ -</u>	<u>10,738</u>	<u>-</u>	<u>10,738</u>
Balance on January 1, 2020	\$ 11,409	-	1,519	12,928
Depreciation for the year	11,287	-	367	11,654
Decrease	(19,270)	-	-	(19,270)
Balance on December 31, 2020	<u>\$ 3,426</u>	<u>-</u>	<u>1,886</u>	<u>5,312</u>

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

	Land	Buildings	Transportation equipment	Total
Carrying amounts:				
Balance on December 31, 2021	\$ -	48,324	-	48,324
Balance on January 1, 2020	\$ 9,726	-	367	10,093
Balance on December 31, 2020	\$ 1,427	-	-	1,427

(k) Investment Property

	Self-owned property					Total
	Land and improvement	Buildings and construction	Other equipment	Investment property constructed in progress	Right-of-use assets	
Cost or deemed cost:						
Balance on January 1, 2021	\$ 2,121,836	2,022,034	-	-	-	4,143,870
Additions	-	-	-	-	21,439	21,439
Transfer from inventory	1,110,030	915,926	50,139	540,772	-	2,616,867
Balance on December 31, 2021	\$ 3,231,866	2,937,960	50,139	540,772	21,439	6,782,176
Balance on January 1, 2020	\$ 2,178,471	2,074,199	-	-	-	4,252,670
Reclassification from inventories	120,736	112,339	-	-	-	233,075
Disposals	(22,087)	(20,485)	-	-	-	(42,572)
Reclassification to properties held for sale	(155,284)	(144,019)	-	-	-	(299,303)
Balance on December 31, 2020	\$ 2,121,836	2,022,034	-	-	-	4,143,870
Depreciation and impairments loss:						
Balance on January 1, 2021	\$ 40,818	226,241	-	-	-	267,059
Depreciation	-	41,073	-	-	1,276	42,349
Balance on December 31, 2021	\$ 40,818	267,314	-	-	1,276	309,408
Balance on January 1, 2020	\$ 40,818	193,874	-	-	-	234,692
Depreciation	-	40,625	-	-	-	40,625
Disposals	-	(536)	-	-	-	(536)
Reclassification properties held for sale	-	(7,722)	-	-	-	(7,722)
Balance on December 31, 2020	\$ 40,818	226,241	-	-	-	267,059
Carrying amounts:						
Balance on December 31, 2021	\$ 3,191,048	2,670,646	50,139	540,772	20,163	6,472,768
Balance on December 31, 2020	\$ 2,137,653	1,880,325	-	-	-	4,017,978
Balance on January 1, 2020	\$ 2,081,018	1,795,793	-	-	-	3,876,811
Fair value:						
Balance on December 31, 2021						\$ 6,964,320
Balance on December 31, 2020						\$ 6,048,670

In order to optimize its assets, the Company reclassified its disposed assets to non-current assets held-for-sale in December, 2020. Please refer to note 6(f) for details.

The investment property is real estate property owned by the Company and leased to third parties. Please refer to note 6 (r) and 6(w) for more information.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

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.

The investment property under construction included the real estate property constructed by the Company and the real estate property constructed together with its subsidiary, Bo-Yuan Construction Corp., wherein both will be leased out as operating lease. Please refer to note 7. for more information.

As of December 31, 2021 and 2020, the Company's investment property had been pledged as collateral for bank borrowings, please refer to note 8.

(l) Other financial assets and current incremental costs of obtaining a contract

	December 31, 2021	December 31, 2020
Other current financial assets	\$ 9,489,284	9,186,064
Current incremental costs of obtaining a contract-current	1,614,585	1,954,525
Other non-current financial assets	3,776,164	8,214,252
	\$ 14,880,033	19,354,841

(i) Other financial asset

Other financial assets include Trust account for presale of properties, reserve account for borrowing, performance guarantee, reserve account for corporation bonds and construction deposit.

(ii) Incremental costs of obtaining a contract-current

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 the years ended December 31, 2021 and 2020, the Company recognized \$1,083,110 thousand and \$317,850 thousand of selling expenses, respectively.

(iii) As of December 31, 2021 and 2020, the other financial assets of the Company had pledged as collateral for long-term borrowings, please refer to note 8.

(m) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured bank loans	\$ 5,233,333	4,633,333
Secured bank loans	63,609,205	53,558,280
Less : Syndicated Loan Expense	(9,816)	(6,888)
Total	\$ 68,832,722	58,184,725
Range of interest rates	1.20%~2.00%	1.245%~2.00%

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

- (i) The issue of bank loan and repayment

For the years ended December 31, 2021 and 2020, the incremental amounts are \$24,958,290 thousand and \$35,411,358 thousand, respectively; the repayment amounts are \$14,489,865 thousand and \$20,504,355 thousand, respectively. Please refer to note 6(y) for interest expense.

- (ii) Collateral for Bank Loans

For the collateral for short-term borrowings, please refer to note 8.

- (n) Short-term notes and bills payable

December 31, 2021			
	Guarantee or acceptance institute	Range of interest rate	Amount
Commercial paper payable	Financial institute	0.418%~1.738%	\$ 4,689,600
Less: Discount on short-term notes and bills payable			(6,162)
Total			\$ 4,683,438

December 31, 2020			
	Trust or acceptance institute	Range of interest rate	Amount
Commercial paper payable	Financial institute	0.398%~1.738%	\$ 4,981,300
Less: Discount on short-term notes and bills payable			(4,580)
Total			\$ 4,976,720

For the collateral for short-term notes and bills payable, please refer to note 8.

- (o) Long-term borrowings

The Company's long-term borrowings details, conditions, and provisions were as follows:

December 31, 2021				
	Currency	Range of interest rate	Maturity	Amount
Secured bank loans	TWD	1.55%~1.94%	2024~2038	\$ 2,487,730
Less: current portion				(98,310)
Total				\$ 2,389,420

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

December 31, 2020				
	Currency	Range of interest rate	Maturity	Amount
Secured bank loans	TWD	1.47%~1.94%	2021~2038	\$ 3,990,600
Less: current portion				(941,422)
Total				\$ 3,049,178

(i) The issue of bank loan and repayment

The amount issued for the years ended December 31, 2021 and 2020 are \$500,000 thousand and \$550,000 thousand, respectively; the repayment amounts are \$1,820,370 thousand and \$144,838 thousand, respectively, please refer to note 6(y) for interest expense.

(ii) Collateral for Bank Loans

For the collateral for long-term borrowings, please refer to note 8.

(p) Bonds payable/ current portion of bonds payable

The details of the Company's bonds payable were as follows:

	December 31, 2021	December 31, 2020
Secured ordinary corporate bonds - current	\$ -	6,981,477
Secured convertible bond -current	6,332,175	-
Secured convertible bonds- non-current	-	10,114,500
Secured ordinary corporate bond- non-current	14,406,358	7,433,506
Total	\$ 20,738,533	24,529,483

(i) The Company issued the secured ordinary corporate bonds amounting to \$3,000,000 thousand, \$4,000,000 thousand, \$5,000,000 thousand, \$2,500,000 thousand, \$5,000,000 thousand and \$2,000,000 thousand with an interest rate of 0.55%, 0.50%~0.52%, 0.53%, 0.90%, 1.15% and 1.00% in September 2021, January 2021, December 2020, May 2018, April 2016, and November 2016. The secured ordinary corporate bonds were issued for 3 to 5 years, interest paid annually, repayment of principal and interest at maturity. The repayment amounts for the year ended December 31, 2021 are 7,000,000 thousand.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(ii) The Company's details of secured convertible bonds were as follows:

	December 31, 2021	December 31, 2020
Secured convertible bonds	\$ 10,577,820	10,577,820
Discount on bonds payable-unamortized amount	(47,097)	(185,335)
Accumulated convertible amount	<u>(4,198,548)</u>	<u>(277,985)</u>
Ending balance: bonds payable	<u>\$ 6,332,175</u>	<u>10,114,500</u>
Embedded derivatives- put option and call option (FVPL)	<u>\$ -</u>	<u>6,816</u>

In June 2017, the Company issued a secured 5-year convertible bond with zero interest for \$10,577,820 thousand 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 30% 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) Please refer to the note 6(y) for the interest expense for the years ended December 31, 2021 and 2020. For the details of collateral of secured convertible bonds and bonds payable, please refer to note 8.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(q) Lease liabilities

The carrying amount of lease liabilities were as follows :

	December 31, 2021	December 31, 2020
Current	<u>\$ 37,933</u>	<u>1,442</u>
Non-current	<u>\$ 143,985</u>	<u>-</u>

For the maturity analysis, please refer to Note 6(z).

The amounts recognized in profit or loss were as follows :

	For the years ended December 31	
	2021	2020
Interest on lease liabilities	<u>\$ 2,729</u>	<u>113</u>
Expenses relating to short-term and low-value leases	<u>\$ 69,673</u>	<u>101,400</u>

The amounts recognized in the statement of cash flows for the Company was as follows :

	For the years ended December 31	
	2021	2020
Total cash outflow for leases	<u>\$ 104,397</u>	<u>113,259</u>

(i) Real estate leases

As of December 31, 2021 and 2020, the Company leases land and buildings for the construction of its reception center and parking lot. The leases for land and buildings run for a period of 5 and a half years to 7 years. The leases for reception center and parking lot typically run for a period of 2-3 years.

(ii) Other leases

The Company leases transportation equipment, with lease terms of three years.

The Company also leases office equipment, short-term reception center, and outdoor advertising. These leases are short-term and leases of low-value items. The Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(iii) Sale-and-leaseback

In January and August 2021, the Company sold its property, plant and equipment and investment property and leased back for 5 years 6 months, and 7 years. The Group recognized the gains to the rights transferred of the sale and leaseback. Please refer to note 6 (y).

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(r) Operating lease

(i) Leases as lessor

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(k) for investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2021	December 31, 2020
Less than one year	\$ 73,223	72,808
One to two years	60,389	50,306
Two to three years	53,379	39,455
Three to four years	46,182	37,247
Four to five years	23,921	20,319
Total undiscounted lease payments	<u>\$ 257,094</u>	<u>220,135</u>

For the years ended December 31, 2021 and 2020, rental income from investment properties were \$79,172 thousand and \$73,891 thousand, respectively.

(s) Employee benefits

(i) Defined benefit plans

The expenses recognized in profit or loss for the Company were as follows:

	December 31, 2021	December 31, 2020
The present value of defined benefit plans	\$ 55,411	65,223
Fair value of plan asset	(30,462)	(29,347)
Net defined benefit liability	<u>\$ 24,949</u>	<u>35,876</u>

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 \$30,462 thousand as of December 31, 2021. 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.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

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	
	2021	2020
Defined benefit obligations at January 1	\$ 65,223	61,735
Current service cost and interest	834	1,193
Remeasurement of net define benefit liabilities (assets)		
– Return on plan assets excluding interest income	322	2,295
– Actuarial loss -arising from demographic assumptions	(10,968)	-
Defined benefit obligations at December 31	<u>\$ 55,411</u>	<u>65,223</u>

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, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Fair value of plan asset January 1	\$ 29,347	27,607
Remeasurement of net defined benefit liabilities (assets)		
– Return on plan assets (excluding interest income)	335	826
Amount that has been allocated to the plan	595	635
Expected return on plan asset	185	279
Fair value of plan assets, December 31	<u>\$ 30,462</u>	<u>29,347</u>

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	
	2021	2020
Current service cost	\$ 427	576
Net interest of net liabilities for defined benefit obligations	222	338
	<u>\$ 649</u>	<u>914</u>
Administration expense	<u>\$ 649</u>	<u>914</u>

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

5) Actuarial valuations

The principal actuarial assumptions at the reporting date were as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Discount rate	0.625%	0.625%
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 \$569 thousand.

The weighted average lifetime of the defined benefit plans is 10.23 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Defined benefit obligation</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2021		
Discount rate (0.25% difference)	\$ (1,156)	1,189
Future salary increase rate (0.25% difference)	1,142	(1,116)
December 31, 2020		
Discount rate (0.25% difference)	(1,575)	1,624
Future salary increase rate (0.25% difference)	1,564	(1,525)

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 2021 and 2020.

(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 years ended December 31, 2021 and 2020 amounted to \$10,769 thousand and \$9,871 thousand, respectively.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(t) Income tax

(i) Income tax expenses

The components of income tax expenses for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Current tax expense		
Current period	\$ 975,997	188,576
Land value increment tax	239,092	176,514
Adjustment for prior periods	(7,921)	(18,124)
Tax expense	\$ 1,207,168	346,966

The reconciliation of tax expense and income before tax for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31	
	2021	2020
Income before tax	\$ 9,394,036	2,992,767
Income tax expense at domestic statutory tax rate	1,878,807	598,553
Land tax exempt income	(537,297)	(515,938)
Book –tax difference between recognition time	156,037	53,602
Book –tax difference of capitalization	(72,008)	(56,853)
Profit or loss from investment accounted for using equity method	40,269	95,518
Book –tax difference between deferred sales commission	(5,701)	71,567
Land value increment tax	239,092	176,514
Financial assets measured at fair value through profit and loss	(511)	(8,830)
Realized loss from investment	(108,269)	-
Unrealized profit or loss from associated company	(297,349)	(247)
Adjustment for prior periods	(7,921)	(18,124)
Others	(77,981)	(48,796)
Total	\$ 1,207,168	346,966

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(ii) Deferred tax asset and liability recognized

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred tax assets:

	Investment property impairment	Others	Total
Balance on January 1, 2021	\$ 11,242	3,302	14,544
Balance on December 31, 2021	\$ 11,242	3,302	14,544
Balance on January 1, 2020	\$ 11,242	3,302	14,544
Balance on December 31, 2020	\$ 11,242	3,302	14,544

Deferred tax liabilities:

	Others
Balance on January 1, 2021	\$ 340
Balance on December 31, 2021	\$ 340
Balance on January 1, 2020	\$ 340
Balance on December 31, 2020	\$ 340

(iii) The Company's income tax had been examined by the tax authorities till 2018.

(u) Capital and other equity

As of December 31, 2021 and 2020, the total value of authorized ordinary shares was \$20,000,000 thousand, with a par value of \$10 per share. The paid-in capital were \$13,927,531 thousand and \$12,902,969 thousand, respectively.

(i) Ordinary shares

Reconciliation of shares outstanding during 2021 and 2020 was as follows:

	Ordinary Shares	
	2021	2020
Balance on January 1	1,290,297	1,166,629
Capital increase by retained earning	-	116,663
Convertible bonds transfer	102,456	7,005
Balance on December 31	1,392,753	1,290,297

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

A resolution was passed during the general meeting of shareholders held on June 10, 2020, for the issuance of 100 new shares per thousand shares by retained earnings and capital surplus, amounting to \$1,166,628 thousand. The Company had received approval from the Financial Supervisory Commission for this capital increase on August 3, 2020. And a resolution was passed during the board meeting, to set October 1, 2020 as the date of capital increase, and had finished registration on October 16, 2020.

For the year ended December 31, 2021 and 2020, due to the convertible bonds'holder exercised the convert option, the Company issuance of 102,456 per thousand new shares and 7,005 per thousand new shares, respectively, amounting to \$1,024,562 thousand and \$70,053 thousand, respectively. Among the 2,616 thousand shares had not performed the registration.

(ii) Capital surplus

The balance of capital surplus as of December 31, 2021 and 2020, were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Treasury share transactions	\$ 491,130	432,357
Difference arising from subsidiary's equity	33,858	33,530
Conversion premium of convertible bonds	3,073,117	203,231
Capital surplus-premium from merger	62	62
Donation from shareholders	3,284	3,284
Other	8,357	8,357
	<u>\$ 3,609,808</u>	<u>680,821</u>

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

In accordance with the Company's articles of incorporation, which were approved during the general meeting of shareholders held on June 10, 2020, after paying the income taxes, the Company's net earnings should first be used to offset the prior years' deficits. Of the remaining balance, 10% is to be appropriated as legal reserve, which in accordance with the regulations of the competent authority or reversal appropriated retained earnings. And then any remaining profit, together with any undistributed retained earnings, shall not be distributed less than 20% as shareholders' dividends proposed by the Board of Directors to be submitted to the stockholders' meeting for approval. The cash dividends should not be less than 10% of the total dividends.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

As the Company distributes dividends or legal reserves and part or all paid-in capital in cash, the Company should hold a Board meeting to pass the resolution by more than half of the directors present at Board meeting, which requires a quorum of two-third of all the directors. The resolution should be submitted to the shareholder's meeting.

In addition, the articles of incorporation for the Company were amended before the general meeting of shareholders on June 10, 2020, the Company distributes the surplus earning and offset losses after the end of each quarter. If there are earnings during the quarter, the Company shall distribute the earnings in accordance with the above-mentioned procedures.

1) Legal reserve

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 Rule issued by the FSC, 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 the years ended December 31, 2020 and 2019 was decided by the resolution adopted, at the general meeting of shareholders held on Aug 13, 2021 and June 10, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2020		2019	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 2.0	2,581,927	3.0	3,499,886
Stock dividends	-	-	1.0	1,166,628
Total		<u>\$ 2,581,927</u>		<u>4,666,514</u>

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

Earnings distribution for the second and third quarters of 2019 was decided based on the resolution approved during the general meetings of the shareholders held on August 13, 2019 and November 13, 2019, respectively, the amount of dividend distributions was 1,166,628 thousand and 1,166,629 thousand, respectively.

(iv) Treasury shares

- 1) In accordance with the Securities and Exchange Act requirements as stated above, to encourage employees and improve their work performance, the board has decided to repurchase the treasury shares at the price ranging from \$40~\$60 per share and transfer the shares to employees. During 2021, the total amount of repurchase shares were 20,000 thousand shares at the price of \$884,908 thousand.
- 2) Prior to Company ACT amendment in 2001, Subsidiaries of the Company, Ju Feng Hotel Management Consultant., Co., Ltd., Highwealth Real Estate Co., Ltd., and Chyi Yuh Construction Co., Ltd. held part of the Company's shares for investment purpose. Run Long Construction Co., Ltd., a subsidiary the Company has control over, acquired 11,950 thousand of the Company's shares for investment purpose in the public market in 2015 and received stock dividend from retained earnings of 1,195 thousand shares on 2020. As of December 31, 2021 and 2020, the market price per share were \$46.25 and \$45.85, respectively.

The details of the treasury shares held by subsidiaries are as followed:

<u>Subsidiary</u>	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Shares (thousand)</u>	<u>Book value</u>	<u>Shares (thousand)</u>	<u>Book value</u>
Ju Feng Hotel Management Consultant., Co., Ltd.	4,578	\$ 1,733	4,578	1,733
Highwealth Real Estate Co., Ltd.	8,849	10,850	8,849	10,850
Qi Yu Construction Co., Ltd.	2,745	-	2,745	-
Run Long Construction Co., Ltd.	13,145	76,292	13,145	73,985
	<u>29,317</u>	<u>\$ 88,875</u>	<u>29,317</u>	<u>86,568</u>

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(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	Total
Balance on January 1, 2021	\$ 246	535,207	535,453
Exchange differences on foreign operations	(25)	-	(25)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	3,319	3,319
Balance on December 31, 2021	<u>\$ 221</u>	<u>538,526</u>	<u>538,747</u>
Balance on January 1, 2020	\$ 195	532,432	532,627
Exchange differences on foreign operations	51	-	51
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,775	2,775
Balance on December 31, 2020	<u>\$ 246</u>	<u>535,207</u>	<u>535,453</u>

(v) 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 2021 and 2020 were \$8,186,868 thousand and \$2,645,801 thousand, respectively, and both the weighted average number of ordinary shares outstanding for 2021 and 2020 were 1,268,341 thousand and 1,254,563 thousand shares, respectively, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	For the years ended December 31	
	2021	2020
Profit attributable to ordinary shareholders of the Company	<u>\$ 8,186,868</u>	<u>2,645,801</u>

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

2) Weighted-average number of ordinary shares

	For the years ended December 31	
	2021	2020
Ordinary shares outstanding on January 1	1,290,297	1,166,629
Effect of treasury stock	(42,536)	(29,317)
Effect of conversion of convertible bonds	20,580	588
Effect of stock dividends	\$ -	116,663
Weighted-average number of ordinary shares on December 31	1,268,341	1,254,563

(ii) Diluted earnings per share

The Company's diluted earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2021 and 2020 were \$8,273,870 thousand and \$2,739,518 thousand respectively. After adjusting the effect of dilution of ordinary share, the weighted average number of ordinary shares for 2021 and 2020 were 1,519,826 thousand and 1,521,657 thousand shares, respectively. The related calculations are as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	For the years ended December 31	
	2021	2020
Profit attributable to ordinary shareholders of the Company (diluted)	\$ 8,273,870	2,739,518

2) Weighted-average number of ordinary shares (diluted)

	For the years ended December 31	
	2021	2020
Weighted-average number of ordinary shares (basic)	1,268,341	1,254,563
Effect of conversion of convertible bonds	250,020	266,076
Effect of employee share bonus	1,465	1,018
Weighted-average number of ordinary shares (diluted) on December 31	1,519,826	1,521,657

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2021	2020
Primary geographical markets:		
Taiwan	\$ 34,035,323	18,157,516
Major products/services lines:		
Sales of real estate	\$ 33,952,426	18,074,191
Other revenue	82,897	83,325
	\$ 34,035,323	18,157,516
Timing of revenue recognition:		
Revenue transferred at a point in time	\$ 82,897	83,325
Products and services transferred over time	33,952,426	18,074,191
	\$ 34,035,323	18,157,516

(ii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities-sales of real estate	\$ 6,405,472	7,944,933	4,415,748
Contract liabilities-advance receipt	7,632	4,044	8,308
Total	\$ 6,413,104	7,948,977	4,424,056

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2021 and 2020, that was included in the contract liability balance at the beginning of the period were \$4,363,973 thousand and \$596,524 thousand, respectively.

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 years ended December 31, 2021 and 2020.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

(x) 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.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$60,000 thousand and \$36,000 thousand, and directors' and supervisors' remuneration amounting to \$11,000 thousand and \$7,500 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2021 and 2020.

(y) Non-operating income and expense

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2021	2020
Interest income	\$ 9,427	8,254
Others	106	170
	\$ 9,533	8,424

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2021	2020
Contract termination income	\$ 4,470	10,237
Dividend income	-	15,166
Others	29,222	24,982
	\$ 33,692	50,385

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2021	2020
Losses on disposal of property, plant and equipment	\$ (100)	(133)
Gains on disposal of investment properties	245,982	112,057
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	2,556	44,151
Gains to the rights transferred of the sale and leaseback	870,373	-
Other expenses	(2,185)	(19,887)
	\$ 1,116,626	136,188

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2021	2020
Interest expense		
Bank loans and collateral	\$ 1,489,169	1,294,091
Amortization on discounted corporate bond	112,094	109,298
Interest on corporate bond	107,760	100,183
Other finance costs	2,729	14,468
Less: capitalized interest	(853,649)	(804,689)
	\$ 858,103	713,351

(z) Financial instruments

(i) Credit risk

1) Credit risk exposure

The financial instrument's biggest credit risk exposure is the 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.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(d).

Other financial assets at amortized cost are other receivables (classified as other current financial assets). All 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 provisions were determined as follows:

	Other receivables
Balance on December 31, 2021(as opening balance)	\$ 8,235
Balance on December 31, 2020(as opening balance)	\$ 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, 2021				
Non derivative financial liabilities:				
Secured loans	\$ 69,609,826	14,156,085	54,462,682	991,059
Unsecured loans	5,358,303	1,260,569	4,097,734	-
Short-term investment payables	4,689,600	4,689,600	-	-
Other financial liabilities-current	128,397	-	128,397	-
Convertible bond	6,379,272	6,379,272	-	-
Ordinary corporate bonds (including current portion)	14,777,596	85,900	14,691,696	-
Notes payable, accounts payable and other payables	4,514,052	4,479,787	33,737	528
Lease liability	190,679	38,310	152,369	-
	\$ 105,647,725	31,089,523	73,566,615	991,587
December 31, 2020				
Non derivative financial liabilities:				
Secured loans	\$ 59,030,247	4,576,634	39,463,881	14,989,732
Unsecured loans	4,707,850	4,190,738	517,112	-
Short-term investment payables	4,981,300	4,981,300	-	-
Other financial liabilities-current	176,268	-	176,268	-
Convertible bond	10,362,835	-	10,362,835	-
Ordinary corporate bond (including current portion)	14,720,874	7,083,280	7,637,594	-
Notes payable, accounts payable and other payables	3,428,778	3,389,643	39,107	28
Lease liability	1,450	1,450	-	-
	\$ 97,409,602	24,223,045	58,196,797	14,989,760

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market 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 interest expenses would have increased / decreased by \$380,019 thousand and \$335,760 thousand for the years ended December 31, 2021 and 2020, with another variable factors remaining constant. Considering that capitalized interest of profit may decrease or increase by \$190,504 thousand and \$157,779 thousand. This is mainly due to the Company's borrowing at variable rates.

3) Other market price risk

For the years ended December 31, 2021 and 2020, 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:

Prices of securities at the reporting date	For the years ended December 31			
	2021		2020	
	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%	\$ 55,646	27,285	55,314	26,355
Decrease 10%	\$ (55,646)	(27,285)	(55,314)	(26,355)

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(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, and financial assets at fair value through other comprehensive income 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 lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				Total
	Book Value	Fair Value			
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Derivative financial assets mandatorily measured at fair value through profit or loss	\$ 272,854	272,854	-	-	272,854
Financial assets at fair value through other comprehensive income					
Stocks in unlisted company	\$ 556,458	-	556,458	-	556,458
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 7,488,210	-	-	-	-
Notes and accounts receivable	2,029,771	-	-	-	-
Other financial assets - current	9,489,284	-	-	-	-
Other financial assets - non-current	3,776,164	-	-	-	-
Subtotal	\$ 22,783,429	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term loans	\$ 68,832,722	-	-	-	-
Short-term investment payables	4,683,438	-	-	-	-
Notes payable, accounts payable and other payables	4,514,052	-	-	-	-
Lease liabilities	181,918	-	-	-	-
Other financial liabilities- current	128,397	-	-	-	-
Corporate bonds payable (Current portions)	20,738,533	-	-	-	-
Long-term loans (Current portions)	2,487,730	-	-	-	-
Subtotal	\$ 101,566,790	-	-	-	-

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 6,816	-	6,816	-	6,816
Derivative financial assets mandatorily measured at fair value through profit or loss	263,550	263,550	-	-	263,550
Subtotal	\$ 270,366	263,550	6,816	-	270,366
Financial assets at fair value through other comprehensive income					
Stocks in unlisted company	\$ 553,139	-	553,139	-	553,139
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 6,543,049	-	-	-	-
Notes and accounts receivable	1,397,316	-	-	-	-
Other financial assets- current	9,186,064	-	-	-	-
Other financial assets- non-current	8,214,252	-	-	-	-
Subtotal	\$ 25,340,681	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term loans	\$ 58,184,725	-	-	-	-
Short-term investment payables	4,976,720	-	-	-	-
Notes payable, accounts payable and other payables	3,428,778	-	-	-	-
Lease liabilities	1,442	-	-	-	-
Other financial liabilities- current	176,268	-	-	-	-
Corporate bonds payable	24,529,483	-	-	-	-
Long-term loans (Current portions)	3,990,600	-	-	-	-
Subtotal	\$ 95,288,016	-	-	-	-

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.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

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.

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 2021 and 2020. There is no transfer between first and second level measured at fair value in 2021 and 2020.

(aa) 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.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

(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) Account receivable and other receivable

The Company's 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 from 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 to subsidiaries that directly or indirectly hold more than 50% of voting shares and companies with business relations. At December 31, 2021 and 2020, the situation about the Company provided guarantees to wholly owned subsidiaries, please refer to note 7(b).

(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.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

(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.

(ab) 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 liabilities.

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 2021, the Company's capital management strategy is consistent with the prior year as of 2020. 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, 2021, were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 109,294,883	104,054,550
Less: cash and cash equivalents	<u>(7,488,210)</u>	<u>(6,543,049)</u>
Net debt	101,806,673	97,511,501
Total Equity	<u>40,723,869</u>	<u>32,121,924</u>
Total adjusted capital	<u>\$ 142,530,542</u>	<u>129,633,425</u>
Debt-to-equity ratio	<u>71.43%</u>	<u>75.22%</u>

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(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.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Qi Yu Construction Co., Ltd.	Subsidiary company
Ju Feng Hotel Management Co., Ltd.	Subsidiary company
Highwealth Property Management Co., Ltd.	Subsidiary company
Jin Jyun Construction Co., Ltd.	Subsidiary company
Bo Yuan Construction Co., Ltd.	Subsidiary company
Guang Yang Investment Co., Ltd.	Subsidiary company
Yuan Sheng International 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
Yi Chi Enterprise Co., Ltd.	Subsidiary company
Bi Chiang Enterprise Co., Ltd.	Subsidiary company
Highwealth Construction Corp.	Subsidiary company
Taichung Highwealth Culture and Art Foundation	Same president with the Company
○○,Tsai	Key management personnel of the subsidiary
○○,Fan	Director of the Company
○○,Chen	Key management personnel of the Company
○○,Lin	Key management personnel of the subsidiary
○○,Huang	Family of the key management personnel of the Company
○○,Lu	Key management personnel of the subsidiary

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(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		December 31,	December 31,
	2021	2020	2021	2021
○○, Chen	\$ -	-	543	514
○○, Fan	-	-	2,543	952
○○, Lin	-	-	1,124	143
○○, Huang	-	-	1,070	-
○○, Lu	-	-	2,800	-
	\$ -	-	8,080	1,609

As of December 31, 2021 and 2020, the real estate sold to related parties amounted to \$39,150 thousand and \$46,440 thousand, respectively, based on the contracts. There were no significant differences between the price and conditions for related parties and the contracts 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			
	2021	2020	2021	2020
Subsidiary:				
Qi Yu Construction Co., Ltd	\$ 7,771,597	7,266,482	18,389,231	11,390,298
Jin Jyun construction Co., Ltd	660,444	2,055,676	4,693,451	5,468,496
Other subsidiaries	84,212	58,884	84,212	58,884
	\$ 8,516,253	9,381,042	23,166,894	16,917,678

There were no significant difference of the price and conditions for related parties and ordinary contract mentioned above.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(iii) Receivables from related parties

The details of receivables from related parties were as follows:

<u>Accounted items</u>	<u>Categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	Subsidiaries	\$ 8,436	2,637
Other receivables (other financial assets-current)	Subsidiaries	6,127	408
		<u>\$ 14,563</u>	<u>3,045</u>

(iv) Prepayments

The details of prepayments from related parties were as follows:

<u>Accounted items</u>	<u>Categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Prepayments	Subsidiaries	<u>\$ 3,180</u>	<u>-</u>

(v) Payables to related parties

The payables to related parties were as follows:

<u>Accounted items</u>	<u>Categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	Subsidiaries:		
	Qi Yu Construction Co., Ltd	\$ 1,418,380	1,055,035
	Jin Jyun Construction Co., Ltd	96,679	199,391
	" Subsidiaries	57,729	59,305
Other payables	Subsidiaries	25,459	73,283
		<u>\$ 1,598,247</u>	<u>1,387,014</u>

(vi) Contract liabilities

The details of contract liabilities from related parties were as follows:

<u>Categories</u>	<u>Note</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	Unearn rents and administration fees	<u>\$ 5,847</u>	<u>1,683</u>

(vii) Guarantees

The Company provided guarantees to subsidiary company. As of December 31, 2021 and 2020, the guarantee ceiling was \$13,496,000 thousand and \$8,711,917 thousand, respectively, and the amount of \$6,575,000 thousand and \$4,678,917 thousand has been used, respectively.

Subsidiaries provided land for guarantees to the Company. As of December 31, 2021 and 2020, the guarantee ceiling was \$1,907,700 thousand, and the amount of \$1,907,700 thousand has been used.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(viii) Others

- 1) The Details of the Company renting offices from related parties is as follows:

	Guarantee deposit paid		Rental expense	
			For the years ended December 31	
	December 31, 2021	December 31, 2020	2021	2021
Subsidiaries	\$ 1,614	1,614	10,509	15,817

- 2) Recognizing rental revenue due to renting offices to related parties:

	Guarantee deposit received		Rental Revenue	
			For the years ended December 31	
	December 31, 2021	December 31, 2020	2021	2021
Subsidiaries	\$ 956	956	8,079	9,303

- 3) Recognizing other income due to signing entrusted administration contract with related parties:

	For the years ended December 31	
	2021	2020
	Subsidiaries	\$ 4,843

- 4) Paying consulting and service fee to related parties for selling real estate on consignment:

	For the years ended December 31	
	2021	2020
	Subsidiary company – Ju Feng Hotel Management Co., Ltd.	\$ 78,400

- 5) Paying administration expense to related parties for administrating constructing site:

	For the years ended December 31	
	2021	2020
	Subsidiaries	\$ 6,477

- 6) The related expense about selling activities with related parties as follows:

	For the years ended December 31	
	2021	2020
	Subsidiaries	\$ 6,476

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

- 7) As of December 31, 2021 and 2020, cooperation cases with related parties were as follows:

<u>Case Name</u>	<u>Categories</u>	<u>Type</u>	<u>Security</u>
December 31, 2021			
Buo Shao Section	Landowner-subsiary company-Yeh Kee Enterprise Co., Ltd.	Cooperation cases	Refundable deposit \$240,000
Buo Shao Section	Landowner-subsiary company-Bijiang Enterprise Co., Ltd	Cooperation cases	Refundable deposit 127,500
Wu Fu Section	Builder-subsiary company-Bo Yuan Construction Co., Ltd.	Cooperation cases	Guarantee deposit 25,000
Hui An Fourth	Builder-subsiary company-Run Long Construction Co., Ltd.	Cooperation cases	Refundable deposit 100,000
//	//	//	Guarantee deposit 200,000
December 31, 2020			
Buo Shao Section	Landowner-subsiary company-Yeh Kee Enterprise Co., Ltd.	Cooperation cases	Refundable deposit \$240,000
Buo Shao Section	Landowner-subsiary company-Bijiang Enterprise Co., Ltd	Cooperation cases	Refundable deposit 127,500
Guo Mao Section	Builder-subsiary company-Run Long Construction Co., Ltd.	Cooperation cases	Guarantee deposit 50,000
Hui An Fourth	Builder-subsiary company-Run Long Construction Co., Ltd.	Cooperation cases	Guarantee deposit 100,000
//	//	//	Guarantee deposit 200,000

The project of Guo Mao case had been completed and exchanged land for building with the subsidiary during 2020. As of December 31, 2020, the procedure is processed in accordance with the joint construction.

- 8) Performance bond received from related parties for contract work:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	<u>\$ 174,778</u>	<u>79,259</u>

- 9) In September, 2008, the Company sold a portion of land to Mr. Tsai, ○○ 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 expiry date unconditionally indefinitely. As of December 31, 2021 and 2020, other payables are both 5 million dollars.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

- 10) The Company acquired 100% of common stocks of Yuan Sheng International Co., Ltd. from its subsidiary, Qi Yu Construction Co., Ltd., for \$145,621 thousand. As of December 31, 2021, transactions were entirely completed.
- 11) In 2021 and 2020, the Company bought gift certificates from Bo Yuan Construction Co., Ltd., for \$280 thousand and \$4,344 thousand respectively.
- 12) In 2021, the Company donated \$473 thousand to Taichung Highwealth Culture and Art Foundation for its promotion and development.

(c) Key management personnel transactions

	For the years ended December 31	
	2021	2020
Short-term employee benefits	\$ 81,072	59,726

(8) Pledged assets:

Pledged assets	Object	December 31, 2021	December 31, 2020
Financial assets at FVTPL	Mortgage	\$ 182,700	180,000
Notes receivable	Mortgage	1,157,394	153,410
Inventories (construction)	Mortgage, issuing commercial paper and bonds payable	88,143,178	75,293,967
Other financial assets- current and non-current	Mortgage, issuing commercial paper, performance bond, real estate trust account, and bonds payable	11,636,136	16,645,841
Investment accounted for using equity method	Mortgage	1,351,107	1,006,139
Property, plant and equipment	Mortgage and bonds payable	372,800	378,931
Investment property at net value	Mortgage, issuing commercial paper, and bonds payable	4,763,671	3,830,506
Non-current assets classified as held for sale	Mortgage and bonds payable	-	722,922
		\$ 107,606,986	98,211,716

As of December 31, 2021 and 2020, the book value of pledged assets providing undrawn guaranteed loan are \$0 and \$3,394,004 thousand, respectively.

For the year ended December 31, 2021 the Company provided notes receivable of presale cases \$3,277,998 thousand, and for the year ended December 31, 2020, the Company provided notes receivable of presale cases \$3,015,200 thousand, as collateral for the bank loans.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

(i) Contract price signed with clients were as follows:

	December 31, 2021	December 31, 2020
Amount of signed contracts	<u>\$ 76,730,166</u>	<u>74,518,819</u>
Received amount from contracts	<u>\$ 6,405,472</u>	<u>7,944,933</u>
Outstanding checks received from presale cases	<u>\$ 6,117,659</u>	<u>3,929,998</u>

(ii) Unrecognized commitments generated by signing contracts for purchasing land for construction, building bulk, and investment properties are as follows:

	December 31, 2021	December 31, 2020
Acquisition of inventory (construction)	<u>\$ 2,273,820</u>	<u>-</u>

(iii) As of December 31, 2020, the Company had not recognized the transaction of sale-and-leaseback, and the total amount expects to pay in the future is \$163,512 thousand, and the expected rent term is January 1, 2021 to July 2026.

(b) Others

(i) As of December 31, 2021 and 2020 the refundable deposit paid for cooperation cases are \$734,289 thousand and \$454,149 thousand, respectively.

(ii) On February 8, 2022, the parent company entered into an agreement with Kaohsiung City Government for the urban renewal project entrustment implementation of “Kaohsiung Multifunctional Commerce and Trade Park Special Trade III (North Base) Land”?based on a resolution approved during the board meeting on December 27, 2021.

(10) Losses due to major disasters: None

(11) Subsequent events:

A resolution was approved during the board meeting held on March 7, 2022 for the Group to donate 113 thousand of its shares in Li Shon Investment Co., Ltd., amounting to \$87,072 thousand, to other related party, Taichung Highwealth Culture and Art Foundation.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, were as follows:

By function	For the year ended December 31					
	2021			2020		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits						
Salary	\$ -	402,322	402,322	-	327,880	327,880
Labor and health insurance	-	27,563	27,563	-	21,846	21,846
Pension	-	11,418	11,418	-	10,785	10,785
Remuneration of directors	-	19,716	19,716	-	16,513	16,513
Others	-	-	-	-	-	-
Depreciation	41,073	31,682	72,755	40,625	35,568	76,193
Depletion	-	-	-	-	-	-
Amortization	-	5,540	5,540	-	4,859	4,859

For the years ended December 31, 2021 and 2020, the information on the number of employees and employee benefit expense of the Company is as follows :

	2021	2020
Number of employees	<u>322</u>	<u>313</u>
Number of directors who were not employees	<u>4</u>	<u>4</u>
The average employee benefit	<u>\$ 1,388</u>	<u>1,167</u>
The average salaries and wages	<u>\$ 1,265</u>	<u>1,061</u>
Percentage of average employee salary expense	<u>19.23%</u>	<u>2.22%</u>
Remuneration to supervisors	<u>\$ -</u>	<u>-</u>

The items of the Company's salary and remuneration of directors, independent director, managers, and employees are as follows:

(a) Independent directors

- (i) Regardless of the Company's profit or loss, independent directors' salary and remuneration need to be paid on monthly basis (or quarterly, half yearly) and be adjusted according to the value of his/her participation in the contribution to Company's operation.
- (ii) The independent directors cannot participate in the distribution of director's compensation and other bonus distribution.
- (iii) According to the needs of the actual execution of the business, the Company has to pay for the traffic allowance.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

- (b) Other directors
 - (i) The Company pays other directors' remuneration, according to the value of his/her participation in the contribution to Company's operation and refer to peer remuneration levels.
 - (ii) Other directors' remuneration is allocated at a rate specified in the Company's articles of incorporation.
 - (iii) According to the needs of the actual execution of the business, the Company has to pay for the traffic allowance.
- (c) Managerial officer
 - (i) The monthly fixed salary is determined by salary level of each rank.
 - (ii) According to the result of the operation performance assessment, the Company distributes the performance bonus.
 - (iii) Year-end bonuses will be paid based on the results of employee performance appraisal.
 - (iv) Employees' remuneration is allocated at a rate specified in the Company's articles of incorporation.
 - (v) Traffic allowance and supervisor allowance are paid in accordance to duties and standards.
- (d) Other employees
 - (i) The salary of the Company's employees is handled in accordance with the regulations of the "post ranks table" and "post salary benchmark table". The employee salary is divided into recurring and non-recurring salaries.
 - (ii) Recurring salaries include basic salaries, duties allowance, construction site allowance, professional allowance, meal allowance and other allowances.
 - (iii) Non-recurring salaries include overtime pay, Dragon Boat Festival bonus, Mid-Autumn Festival bonus and year-end bonus.

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

(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	Qi Yu Construction Co., Ltd	2	\$ 40,723,869	8,846,000	8,846,000	4,238,000	-	21.72%	81,447,738	Y	N	N
0	The company	Bo Yuan Construction Co., Ltd	2	40,723,869	1,269,744	1,115,000	547,000	148,000	2.74%	81,447,738	Y	N	N
0	The company	Yuan Sheng Intern. Co., Ltd	2	40,723,869	340,000	340,000	240,000	-	0.83%	81,447,738	Y	N	N
0	The Company	Bi Chiang Enterprise Co., Ltd	2	40,723,869	3,195,000	3,195,000	1,550,000	50,000	7.85%	81,447,738	Y	N	N
1	Yi Chi Enterprise Co., Ltd	Jin Jyun Construction Co., Ltd.	3	40,723,869	1,907,700	1,907,700	1,907,700	1,907,700	4.68%	81,447,738	N	Y	N
2	Qi Yu Construction Co., Ltd	Goyu Building Materials Co., Ltd	6	40,723,869	42,000	-	-	-	- %	81,447,738	N	N	N
2	Qi Yu Construction Co., Ltd	Yuan Sheng Intern. Co., Ltd	1	40,723,869	100,000	-	-	-	- %	81,447,738	Y	N	N
3	Jin Jyun Construction Co., Ltd	Run Long Construction Co., Ltd	3	1,335,002	600,000	600,000	450,000	600,000	8.99%	3,337,506	Y	N	N

Note The numbering is as follows:

- 1:
1. “0” represents the parent company.
 2. Subsidiaries are sequentially numbered from 1 by company.

Note The relationship between the guarantee and the guarantor are as follows:

- 2:
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, Yi Chi Enterprise Co., Ltd. and Qi Yu Construction Co., Ltd. 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: Run Long Construction Co., Ltd. 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 50% of the net value of Run Long Construction Co., Ltd.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

2. The guarantee amount for a single enterprise endorsement shall not exceed 20% of the current net value of Run Long Construction Co., Ltd.

HIGHWEALTH CONSTRUCTION CORP.
Notes to the Parent Company only Financial Statements

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock-Li Shuo Investment Co., Ltd.	-	Total non-current financial assets at fair value through other comprehensive income	712,500	\$ 551,458	19.00%	551,458	
"	Stock-Shin Kong Real 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-Li Development Co., Ltd.	-	Financial assets at fair value through profit or loss-current	8,960,710	272,854	2.31%	272,854	
Ju Feng Hotel Management Co., Ltd	Stock- Highwealth Construction Corp.	Ultimate Parent Company	Total non-current financial assets at fair value through other comprehensive income	4,578,348	211,749	0.33%	211,749	
Highwealth Real Estate Co., Ltd.	Stock- Highwealth Construction Corp.	Ultimate Parent Company	Total non-current financial assets at fair value through other comprehensive income	8,849,291	409,280	0.64%	409,280	
Qi Yu Construction Co., Ltd	Stock- Highwealth Construction Corp.	Ultimate Parent Company	Total non-current financial assets at fair value through other comprehensive income	2,744,601	126,938	0.20%	126,938	
"	Corporate bond- China Rebar Co., Ltd.	-	Financial assets at amortized cost-current	3	-	- %	-	Note
Run Long Construction Co., Ltd.	Stock-Highwealth Construction Corp.	Ultimate Parent Company	Financial assets at fair value through other comprehensive income-current	13,145,000	607,956	0.94%	607,956	

NRRecognized as impairment loss.
ote:

(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	Chyi Yuh Construction Co., Ltd.	Investments accounted for using equity method, net	Capital increase	The subsidiary	205,000,000	\$ 1,553,351	150,000,000	1,500,000	-	-	-	-	355,000,000	4,038,105

(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	Hui Shun Third	January 11, 2021	1,791,274	1,791,274	OO, Chen and other 2 people	Not related parties	-	-	-	-	Appraisal	Construction
"	Jhong Gang Hueil Second	February 24, 2021	2,857,377	2,857,377	OO, Jang and other 10 people	"	-	-	-	-	"	"
"	Shan Jieh Second	March 19, 2021	3,969,270	3,969,270	OO, Shen and Shu Guang Construction	"	-	-	-	-	"	"
"	Jhong Gang Hueil Second	April 23, 2021	1,276,445	1,276,445	OO, Wu other 8 people	"	-	-	-	-	"	"
"	Fu Dou Sixth	May 7, 2021	8,527,367	8,527,367	OO, Lin and other 7 people	"	-	-	-	-	"	"

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

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	Sin Sing Section	May 7, 2021	1,560,985	1,560,985	OO, Huang and Hotel Tien-You and T Hotel	"	-	-	-	-	"	"
"	Jhong Gang Huei Min Second	September 27, 2021	1,020,000	510,000	OO, Huang and other 9 people	"	-	-	-	-	"	"
"	Huei Guo Second	November 11, 2021	2,091,041	418,208	OO, Lin and other 11 people	"	-	-	-	-	"	"
Qi Yu Construction Co., Ltd	Huei Shun Section	April 22, 2021	3,196,557	3,196,557	OO, Liou and other 13 people	"	-	-	-	-	"	"
"	Ching Shan Section	September 14, 2021	2,422,989	2,422,989	Taoyuan City Government	"	-	-	-	-	Open Tender	"
Run Long Construction Co., Ltd	Shan Jieh Section	September 7, 2021	1,614,096	1,614,096	OO, Chen and other 7 people	"	-	-	-	-	Appraisal	"
"	Amping Dist., Tainan City Sin Nan Section	November 9, 2021	1,223,873	371,621	OO, Jang and other 15 people	"	-	-	-	-	"	"
Bi Chiang Enterprise Co., Ltd	Wan Nei Section	November 15, 2021	2,340,488	1,500,000	GOLDSUN BUILDING MATERIALS CO., LTD.	"	-	-	-	-	"	Gain earning asset

Note: The transaction amount includes the right and interests of applying for a license.

- (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	Investment properties, property, plant, and equipment	July 13, 2021	Not applicable	288,131	783,888	783,888	445,309	Taiwan Life Insurance Co., Ltd.	Unrelated party	Business purpose	Appraisal	Sold then lease back

Note 1: The necessary costs and expenses for disposal have been deducted.

Note 2: In 2021, the losses have been recognized and accounted for other gains and losses.

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 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	Qi Yu Construction Co., Ltd	Investee accounted for using equity method of the company	Contracting project	\$ 7,771,597	20.89%	Pay by contract terms	-	-	(1,418,380)	(70.14)%	Note 2
The Company	Jin Jyun Construction Co., Ltd	Investee accounted for using equity method of the company	Contracting project	660,444	1.78%	Pay by contract terms	-	-	(96,679)	(4.78)%	Note 2
Qi Yu Construction Co., Ltd	The Company	The ultimate parent of the company	Contracted project	(7,862,332)	(91.83)%	Receive by contract terms	-	-	1,418,380	89.95%	Note 1
Qi Yu Construction Co., Ltd	Run Long Construction Co., Ltd	Investee accounted for using equity method of the company	Contracted project	(469,501)	(5.48)%	Receive by contract terms	-	-	153,274	9.72%	Note 1
Qi Yu Construction Co., Ltd	Bo Yuan Construction Co., Ltd	Investee accounted for using equity method of the company	Contracted project	(176,494)	(2.06)%	Receive by contract terms	-	-	660	0.04%	Note 1

HIGHWEALTH CONSTRUCTION CORP.

Notes to the Parent Company only Financial Statements

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	Qi Yu Construction Co., Ltd	Investee accounted for using equity method of the company	Contracting project	376,780	4.21%	Pay by contract terms	-	-	(153,274)	(12.76)%	Note 2
Run Long Construction Co., Ltd	Jin Jyun Construction Co., Ltd	Investee accounted for using equity method of the company	Contracting project	2,987,553	33.38%	Pay by contract terms	-	-	(557,514)	(46.40)%	Note 2
Jin Jyun Construction Co., Ltd	The Company	The ultimate parent of the company	Contracted project	(580,172)	(14.03)%	Receive by contract terms	-	-	96,679	12.66%	Note 1
Jin Jyun Construction Co., Ltd	Run Long Construction Co., Ltd	Investee accounted for using equity method of the company	Contracted project	(3,310,591)	(80.04)%	Receive by contract terms	-	-	557,514	72.98%	Note 1
Bo Yuan Construction Co., Ltd	Qi Yu Construction Co., Ltd	The ultimate parent of the company	Contracted project	176,242	79.09%	Pay by contract terms	-	-	(660)	(1.46)%	Note 1

e 1: Not The contracted company recognizes its construction revenue through percentage of completion method, and the amount of sales included.

e 2: Not 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		
Qi Yu Construction Co., Ltd	The company	The ultimate parent of the company	1,418,380	6.36	-	-	849,795	-
"	Run Long Construction Co., Ltd	Investee accounted for using equity method of the company	153,274	1.37	-	-	111,993	-
Jin Jyun Construction Co., Ltd	Run Long Construction Co., Ltd	Investee accounted for using equity method of the company	557,514	7.86	-	-	244,405	-

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (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, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Ju Feng Hotel Management Co., Ltd.	Taiwan	Residential and building development, rental and sales	\$ 12,000	12,000	1,200,000	100.00%	(52,826)	5,560	(87,233)	
"	Highwealth Property Management Co., Ltd.	Taiwan	Real estate brokerage, real estate trading	25,000	25,000	2,500,000	100.00%	55,176	17,337	(404)	
"	Qi Yu Construction Co., Ltd.	Taiwan	Construction, housing and building development rental services etc.	3,030,041	1,530,041	355,000,000	100.00%	4,038,105	362,677	324,237	
"	Run Long Construction Co., Ltd.	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	861,910	861,910	22,422,816	5.72%	258,064	1,671,830	69,789	
"	Yi Chi Enterprise Co., Ltd.	Taiwan	Residential and building development, rental services, etc.	2,423,152	2,423,152	2,200,000	100.00%	2,418,447	(17,714)	(17,714)	
"	Bi Chiang Enterprise Co., Ltd.	Taiwan	Residential and building development, rental services, etc.	1,302,900	1,302,900	7,200	100.00%	1,244,074	(20,663)	(20,663)	
"	Highwealth Construction Corp.	Taiwan	Residential and building development, rental services, etc.	15,000	5,000	1,500,000	100.00%	11,485	391	183	
"	Bo Yuan Construction Co., Ltd.	Taiwan	Residential and building development, rental services, etc.	930,000	930,000	30,800,000	100.00%	66,095	(475,615)	(475,615)	
"	Yuan Sheng International Co., Ltd.	Taiwan	Investment industry	145,621	-	8,100,000	100.00%	144,048	762	6,637	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
Qi Yu Construction Co., Ltd.	Guang Yang Investment Co., Ltd.	Taiwan	Investment	284,050	284,050	29,900,000	100.00%	459,763	97,817	Exempt from disclosure	
"	Yuan Sheng International Co., Ltd.	Taiwan	Wholesale of Building Materials	-	78,484	-	-%	-	762	"	
"	Run Long Construction Co., Ltd.	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	803,226	803,226	18,572,400	5.02%	334,118	1,671,830	"	
"	Goyu Building Material Co., Ltd.	Taiwan	Wholesale of Building Materials	120,000	140,000	12,000,000	30.00%	105,962	(14,779)	"	
Guang Yang Investment Co., Ltd.	Run Long Construction Co., Ltd.	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	542,850	428,405	24,022,699	6.13%	451,826	1,671,830	"	
Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd.	Taiwan	Construction, housing and building development rental services etc.	518,300	518,300	50,000,000	100.00%	502,279	79,752	"	

(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Chuan Xiang Commercial Co.	Construction material, furniture, metal parts	26,555 USD 900,000	(Note 1)	26,555 USD 900,000	-	-	26,555 USD 900,000	(477)	100.00%	(477)	1,213	-
Shin Fu Yu Commercial Co.	Construction material wholesale	27,104 USD 900,000	(Note 1)	27,104 USD 900,000	-	-	27,104 USD 900,000	(87)	100.00%	(87)	1,471	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
53,659 (USD1,800,000)	53,659 (USD1,800,000)	24,434,321 (Note)

Not Three types of investment method are as follows:

- e 1:
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

Not Profit and loss recognized from investment for the current period:

- e 2:
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

(d) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Xing Ri-Sheng Investment Co., Ltd		98,837,849	7.10%
Ear Winner Investment Co., Ltd		78,938,890	5.67%

(14) Segment information:

Please refer to the consolidated financial statements.

VI. If the Company or its Affiliates have Experienced Financial Difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, and the impact to the Companys Financial Situation: None

Seven. Review and Analysis of Financial Status and Business Results and Risk Issue

I. 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	2020	2021	Diff.	
				Amount	%
Current assets		162,562,921	184,681,133	22,118,212	13.61
Property, plant and equipment		1,164,500	4,456,087	3,291,587	282.66
Intangible assets		25,692	24,313	(1,379)	(5.37)
Other assets		17,054,245	14,354,060	(2,700,185)	(15.83)
Total assets		180,807,358	203,515,593	22,708,235	12.56
Current liabilities		115,378,276	131,735,958	16,357,682	14.18
Non-current liabilities		29,628,564	26,064,234	(3,564,330)	(12.03)
Total liabilities		145,006,840	157,800,192	12,793,352	8.82
Capital		12,902,969	13,927,531	1,024,562	7.94
Capital surplus		680,821	3,609,808	2,928,987	430.21
Retained earnings		18,089,249	23,621,566	5,532,317	30.58
Other interests (including treasury stock)		448,885	(435,036)	(883,921)	(196.91)
Non controlling interests		3,678,594	4,991,532	1,312,938	35.69
Total equity		35,800,518	45,715,401	9,914,883	27.69

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: Mainly due to increase in investment of hotel construction.
2. Capital Surplus: Increase in capital surplus was mainly due to the conversion premium of the convertible bonds.
3. Retained earnings: Mainly due to increase in net profit for the current period, causing an increase in retained earnings.
4. Other equity: Mainly due to buyback of treasury stock.
5. Non-controlling interests: Mainly due to increase in net profit attributable to non-controlling interests, causing an increase in non-controlling interests as compared to the preceding period.

II. 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:

(I) Comparative analysis table of financial performance

Unit: NT\$ thousand

Item \ YEAR	2020	2021	Changes of increase or decrease	
			Amount	Rate of change %
Operating revenue	24,463,018	44,282,065	19,819,047	81
Decrease: sales returns and allowances	0	0	0	0
Net operating income	24,463,018	44,282,065	19,819,047	81
Operating costs	17,611,739	30,556,525	12,944,786	74
Gross profit from operations	6,851,279	13,725,540	6,874,261	100
Operating expenses	2,714,922	3,710,580	995,658	37
Operating profit	4,136,357	10,014,960	5,878,603	142
Non-operating income and expenses	(820,200)	1,181,743	2,001,943	244
Profit from continuing operations before tax	3,316,157	11,196,703	7,880,546	238
Total income tax expense	492,903	1,607,593	1,114,690	226
Profit from continuing operations before tax	2,823,254	9,589,110	6,765,856	240
Cumulative effect of changes in accounting principle	0	0	0	0
Net profit	2,823,254	9,589,110	6,765,856	240

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.)

Description:

1. Operating revenue: Mainly due to increase in sales of newly built houses and unsold completed units.
2. Operating costs: Due to increase in operating revenue.
3. Gross profit: Due to increase in operating revenue.
4. Operating expenses: Mainly due to increase in operating revenue, causing an increase in commission and advertisement expenses for the current period.
5. Operating income: Mainly due to increase in gross profit.

6. Non operating income and expenses: Mainly due to the recognition of leaseback of office.
7. Profit from continuing operations before tax: Mainly due to increase in operating net profit for current period.
8. Income tax expense: Mainly due to increase in net profit before tax for the current period.
9. Profit from continuing operations before tax and net profit for the current period: Mainly due to increases in net sales and operating net income for the current period.

(II) Analysis of variation of operational gross profit

	Increase	Variance analysis			
	decrease	Price variance	Cost variance	Sales portfolio variance	Variance
Gross profit from operations	6,874,261	-	-	-	—

Note:

1. The Company belongs to the construction industry. Due to the characteristics of the industry, the differences will not be calculated.
2. Mainly due to the increase of net sales in 2021, which resulted in an increase in gross operating profit of NT\$6,874,261 thousand.

(III) 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.

III. Cash flow

(I) Latest cash flow analysis

Item	Year	2020	2021	% of change
	Cash flow ratio		(19.95)	(9.60)
Cash flow adequacy ratio		(34.31)	(43.40)	-26%
Cash reinvestment ratio		(51.83)	(25.02)	52%
Reasons for increase/decrease proportion analysis:				
1. Cash flow ratio: Mainly due to decrease in net cash outflow from operating activities in 2021, resulting in an increase in cash flow ratio.				
2. Cash flow adequacy ratio: Mainly due to an decrease in cash flow from operating activities in current period, causing the cash flow adequacy ratio to fall.				
3. Cash reinvestment ratio: Mainly due to increase in net cash outflow from operating activities in current period, causing an increase in cash reinvestment ratio.				

(II) Remedy for a lack of liquidity: timely apply for financing activities or bank loans.

(III) Analysis of cash flow in the coming year.

Unit: NT\$ thousand

Beginning cash balance	Estimated yearly net cash inflow from operating activities	Estimated yearly cash outflow (inflow)	Anticipated cash surplus (shortage)	Remedies for cash shortage	
				Investment plan	Financing plan
(A)	(B)	(C)	(A)+(B)-(C)		
10,883,784	16,539,851	8,829,713	18,593,922	—	—

Analysis:

1. Operating activities: In the coming year, projects are expected to complete, giving rise to an increase in net cash inflow from operating activities.
2. Investing activities: Cash outflow from investing activities was mainly due to the purchase of land.
3. Financing activities: Cash outflow from the financing activities was mainly due to repayment of bank loans after completion of construction projects.

IV. Impact of Major Capital Expenditure in the Past Year on the Financial Status:
Nil.



V. 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 Ju Feng Hotel Management Consultant Co., Ltd., ChyiYuh Construction Co., Ltd., Highwealth Construction Corporation, Hundred Million Mark Enterprise Co., Ltd., Pi Chiang Enterprise Co., Ltd., Highwealth Real Estate, and to strive for Mass Rapid Transit Joint Development of West Song section in Songshan District, Taipei City, it invested Bo-Yuan 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 Jin Jyun Construction Co., Ltd. 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

Investor Company	Investee Company	2021		Improvement plans
		Net income	Investment profit (loss)	
The Company	Ju Feng Hotel	5560	(87,233)	The Company will actively develop sales business and improving profitability.
	Highwealth Real Estate	17337	(404)	The Company will actively develop sales business and improving profitability.
	Chyi Yuh Construction	362,677	324,237	-
	Run Long Construction	1,671,830	69,789	-
	Hundred Million Mark Enterprise Co., Ltd.	(17,714)	(17,714)	The Company will actively develop sales business and improving profitability.
	Pi Chiang Enterprise	(20,663)	(20,663)	The Company will actively develop sales business and improving profitability.
	Highwealth Construction	391	183	-
	Bo-Yuan Construction Corporation	(475,615)	(475,615)	The Company will actively develop sales business and improving profitability.
	Well Rich International	762	6,637	-
Chyi Yuh Construction	Kuang Yang Investment	97,817	Permit records confidential	Not applicable.
	Well Rich International	762	As above	Not applicable.
	Run Long Construction	1,671,830	As above	Not applicable.
	Kuo Yu Construction	(14,779)	As above	Not applicable.
Kuang Yang Investment	Run Long Construction	1,671,830	As above	Not applicable.
Run Long Construction	Jin Jyun Construction	79,752	As above	Not applicable.

VI. Analysis and Assessment of Risk Issues in the Past Year and as of the Date of Publication of the Annual Report

(I) 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		2020	2021
Interest income		22,762	18,246
Interest expense		887,416	1,017,849
Operating revenue		24,463,018	44,282,065
Net operating income		4,136,357	10,014,960
Net profit		2,823,254	9,589,110
To operating revenue ratio	Interest income from bank deposits/operating revenue	0.09%	0.04%
	Interest expenses/operating Revenue	3.63%	2.30%
To operating net profit ratio	Interest income from bank deposits/operating net profit	0.55%	0.18%
	Interest expenses/operating net profit	21.45%	10.16%
To net income ratio	Interest income from bank deposits/net income	0.81%	0.19%
	Interest expenses/net income	31.43%	10.61%

The short and long-term loans of the Company and subsidiaries are on floating rates. As such, any fluctuation of market interest rates shall trigger a change in the borrowing rates of the short and long-term loans, leading to a fluctuation in the future cash flow of the Company. To suppress housing prices, the government continues to tighten the credit extended to construction companies. In 2020, the Central Bank decided to lower the rediscount rate, rate on accommodations with collateral and rate on accommodations without collateral by 25 percentage points, to annual rates of 1.125%, 1.5% and 3.375% respectively. The new rates took effect from March 20, 2020 onward. Nevertheless, in 2022, the Central Bank decided to up the rediscount rate, rate on accommodations with collateral and rate on accommodations without collateral by 25 percentage points, from an annual rates of 1.125%, 1.5% and 3.375% respectively, to 1.375%, 1.75% and 3.625%. Therefore, the aforementioned fluctuation in interest rates shall influence the operating costs of the Company and subsidiaries.

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:

- (1) 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.
- (2) Adjust the price of products: Properly rising price with accounts' agreement, due to the increasing cost.
- (3) 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.

(II) 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	Receiver of Endorsement/Guarantee		Endorsement/Guarantee Limit of a Single Entity	Maximum Balance of Endorsement/Guarantee for the Period	Ending Balance of Endorsement/Guarantee
	Name of the Company	Relation			
2019	Chyi Yuh Construction	Subsidiary	30,396,294	8,846,000	8,846,000
	Bo-Yuan Construction Corporation	Subsidiary	30,396,294	2,827,490	714,442
	Well Rich International	Sub-subsidiary	30,396,294	180,000	180,000
2020	Chyi Yuh Construction	Subsidiary	32,121,924	7,846,000	7,546,000
	Bo-Yuan Construction Corporation	Subsidiary	32,121,924	1,086,788	965,917
	Well Rich International	Sub-subsidiary	32,121,924	200,000	200,000
110	Chyi Yuh Construction	Subsidiary	40,723,869	8,846,000	8,846,000
	Bo-Yuan Construction Corporation	Subsidiary	40,723,869	1,269,744	1,115,000
	Well Rich International	Subsidiary	40,723,869	340,000	340,000
	Pi Chiang Enterprise	Subsidiary	40,723,869	3,195,000	3,195,000

The Company provides endorsement or guarantees to companies invested, namely Chyi Yuh Construction, Bo-Yuan Construction Corporation, Well Rich International and Pi Chiang Enterprise for the working capital loan applications to banks. The Company has stipulated the “Operational Procedures for Endorsement and Guarantees” as the basis for making endorsement guarantees, which has been approved by the resolution of the Board of Directors and the shareholders’ meeting. The above guarantees were all handled pursuant to the “Operational Procedures for Endorsement and Guarantees” of the Company and implemented after the approval of the Audit Committee and Board of Directors.

4. Derivative trading

The Company and subsidiaries have established the “Procedures for Acquisition or Disposal of Assets” as the basis for handling the trading of derivatives, which was approved by the Board of Directors and the Shareholders' Meetings by resolutions. By referring to the meeting minutes of the Board of Directors and the shareholders' meetings of the Company, and the financial reports audited and certified by accountants, the Company hadn't engaged in derivative trading except for the derivative right of redemption and put option due to issuance of convertible bonds in the latest year and the application period of the year.

(III) Future R&D projects and estimated R&D expenses

Both of the Company and its subsidiaries invest in housing construction business and related businesses, and have no plan to develop products; therefore, the Company and its subsidiaries didn't set up R&D department and no R&D expenses assigned. Construction companies are not good at technological industry and manufacturing need to design and develop new products. Thus, the Company does not have the cost of development and the concrete result.

(IV) The impact of important domestic and overseas policy and regulation changes on the financial status of the Company and countermeasures

Through the relationship between housing market and increased and decreased interest by central in the history, there are six conclusions below:

1. The fluctuation of interest rates is directly related to currency, economic business and growth, and financial emergency.
2. The housing market is directly related to the fluctuation of interest rates.
3. The rising rates do not represent the collapse of housing prices, The falling rates do not represent the soaring of housing prices.
4. The housing market will be affected directly if the fluctuation range of interest rate is too substantial.
5. To definitively determine whether the rise and fall of interest rates are beneficial would depend on where the business cycle of housing market is at.
6. For developed countries, the economic slowdown, flat interest rates and stagnation of house prices are closely related to one another.

The Central Bank initiated the first rate hike in 10 years, and has raised interest rates by 0.25 percentage points. The Bank has also launched four policies to curb real estate speculation and reinforce four real estate credit controls, including lowering the mortgage ratio for natural persons to purchase high-priced residential properties and set the mortgage ceiling for third or more house purchases. The Ministry of the Interior has launched a major campaign to curb speculation in the housing market, and has proposed amendments to the "Equalization of Land Rights Act" and the "Real Estate Broking Management Act" to restrict pre-sales and resales of newly completed houses, and to impose heavy penalties on the speculators in housing prices. In addition, there are also changes to the Actual Price Registration 2.0 and House and Land Transactions Income Tax 2.0. The Company will focus more on market trends and study the laws and regulations to ensure shareholders' rights and interests.

Last year, the domestic demand for residential properties increased, resulting in an increase in housing prices in the seven metropolitan areas. Among them, the main reason was that TSMC, the "Protector of the Nation", invested and set up a factory in Kaohsiung. The TSMC's factory in Southern Taiwan Science Park has driven the housing prices to rise in the Great Southern of Taiwan. The market is supported by many factors, such as the continued high growth of exports, the overall economic support, interest rates are still at the low level and capital is plentiful, inflationary concerns are worsening, wages and building materials and other construction costs are rising; therefore, housing prices are still going up rather than down. In North Taiwan, the real estate market is mature, and it is estimated that in 10 years, the entire business activity center in the north will move to Taoyuan, while the central and southern areas have the advantages in population and industrial migration, so that housing prices in the central area will continue to rise. In conclusion, the Company is optimistic about the future of the housing market as this year will be a good opportunity for home buyers to purchase houses to live or invest in, and the profits of commercial office investments are especially steady and will be the focus of the real estate market.

- (V) The impact of technological (including information and communication security risk) and industrial changes on the financial status of the Company and countermeasures

The Company had formulated data processing guideline (including information and communication security) to implement internal control systems and maintain information security policy. Via reviews and evaluation on the procedures for information processing from time to time, the Company seeks to ensure the applicability and effectiveness of the procedures. Furthermore, the Company has applied for the membership of Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) so as to acquire information security intelligence and deepen the understanding on corporate information security.

(VI) 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.

(VII) Expected benefits and possible risks of M&A and countermeasures

The Company and its subsidiaries hadn't had plant expansion as of the date of publication of the annual report.

(VIII) Expected benefits and possible risks of plant expansion, and countermeasures

The Company and its subsidiaries hadn't had plant expansion as of the date of publication of the annual report.

(IX) 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 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.

(X) 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.

(XI) 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.

(XII) Lawsuit and Non-contentious cases

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: Nil.
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 on the Art. 157 of the Securities Exchange Law and the handling of situation: Nil.

(XIII) Other important risks and countermeasures:

1. Effect of damage to information systems upon the Company's business affairs, as well as response measures being or to be taken:

The Company's information system is under construction, in hardware we set up server with high stability and in software we regularly back-up our information systems, software and system default parameter and the back-up mechanism of full information to ensure the service downtime is shortened.

With uninterrupted information service and information safety, the information department regularly sent back-up information for storage in other place and drill on the recovery measures regularly. To prevent interruption of information service and shortened the recovery time from natural disasters or human accident.

In order to get back on track and reduce our loss when the damage occurs, except the regular drill of recovering measure is needed, the Company shall plan, design and upgrade the hardware and software within time and build up higher protection mechanisms to reduce the risk to the system.

The analysis of recent information safety threats were mainly from external hackers and second were from the lack of awareness and the neglect of the employees. The event of information safety were due to the execution of unknown malwares. The information safety required the consensus of entire company and the participation of all. Only building up from the working habit and the corporate culture, establishing awareness of risk and protection of information safety to our staff may truly strengthen the information safety ability.

The information department of the Company as the information safety project unit, disseminating to our entire staff regularly, taking sampling inspection, assisting in checking the risk exposure of information safety and establish of related standard operation procedures. As of the date of publication of the annual report in 2021, the Company has not discovered any major internet attacks and incidents that are or may be harmful to its business and operation, or involved in any legal cases, or supervision or investigation.

2. Effect of damage to the climate change upon the Company's business affairs and the response measures being or to be taken:

To adopt the issues of global warming and climate change, which is getting serious over days and the government actively promoting energy saving and carbon reduction measures and use of green energy sources to reduce emission of carbon dioxide. For the comfort and health of our citizens, reducing the impact to the environment in manufacturing building materials and promoting upgrade of the traditional construction material industry. The company shall actively taking measures to the issue of climate change and put in effort for developing green building technics to improve the level of green building. In hope to build up energy saving and carbon emission reduction housing environment. Planning the construction cases with energy saving and carbon emission reduction products, such as building material , energy saving machinery, housing facilities and new energy systems that applied in the green building. To practice the policy of the government, spend our effort in environment protection and to practice our corporate social responsibility.

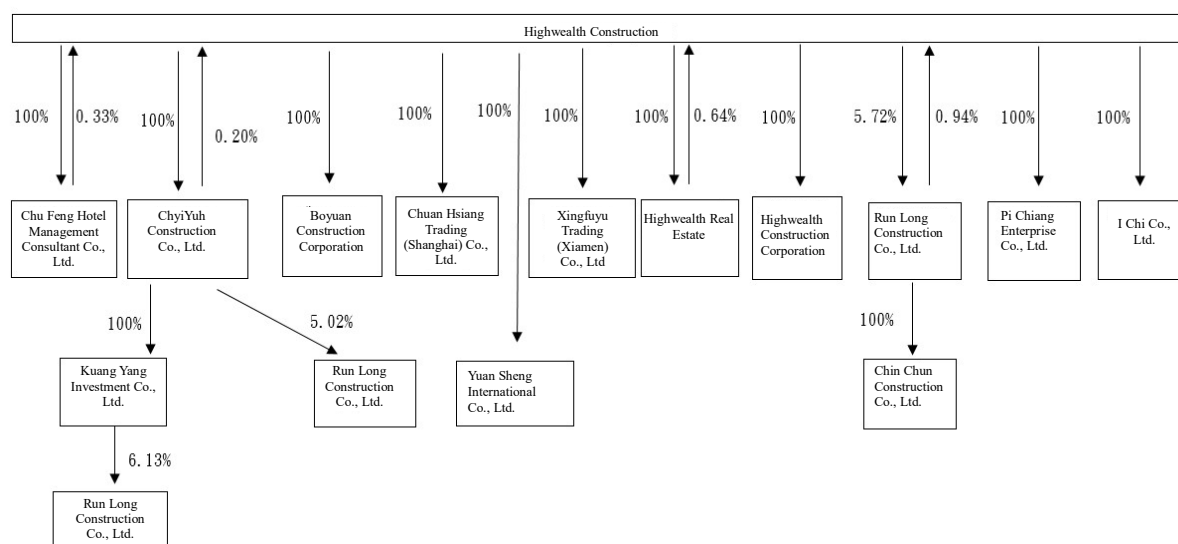
VII. Other important matters: Nil

Eight. Special Notes

I. Information about the Company's Affiliates

(I) Consolidated business reports of affiliated enterprises

1. Organization chart



2. Basic data of affiliates

Unit: NT\$ thousand; December 31, 2021

Affiliate	Date of establishment	Address	Paid-in capital	Major business
<u>Controlling company</u> Highwealth Construction	January 23, 1980	10F., No. 267, Lequn 2nd Rd, Taipei City	13,927,531	Contracted to construction to build commercial building and public housing for lease and sale
<u>Affiliates</u> Ju 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	Broker of real estate and real estate industry
Chyi Yuh Construction Co., Ltd.	October 19, 1989	9F., No. 267, Lequn 2nd Rd, Taipei City	3,550,000	Construction, housing and building development, lease, sale business
Hundred Million Mark Enterprise 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
Xingfuyu 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	15,000	Housing and building development, lease, sale business
Bo-Yuan Construction Corporation	December 07, 2004	8F-1, No. 267, Lequn 2nd Rd, Taipei City	308,000	Construction, housing and building development, lease, sale business
Kuang Yang Investment Co., Ltd.	June 21, 1997	8F-6, No. 267, Lequn 2nd Rd, Zhongshan District, Taipei City	299,000	Investment
Well Rich 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	8F., No. 267, Lequn 2nd Rd, Taipei City	3,921,966	Environmental technology, real estate development and leased property
Jin Jyun Construction Co., Ltd.	November 01, 2012	9F., No. 267, Lequn 2nd Rd, Taipei 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:
- (1) Construction, general investment, retailing and hotels etc.
 - (2) Part of the construction work of Highwealth Construction and Run Long Construction's projects is contracted to Chyi Yuh Construction Co., Ltd. and Jin Jyun Construction Co., Ltd.

5. Information about the directors, supervisors and general managers of the affiliates:

Affiliate	Position	Name or representative	Shares held	
			Number of shares	Shareholding Percentage
<u>Controlling company</u> Highwealth Construction	Chairman	Run Ying Investment Co., Ltd. Representative: Cao Yuanbo	28,174,291	2.02%
	Director	Zheng Qintian	29,275,725	2.10%
	Director	Zheng Xiuhui	8,966,663	0.64%
	Director	Run Ying Investment Co., Ltd. Representative: Fan Huajun	28,174,291	2.02%
	Independent Director	Hong Xiyao	0	0.00%
	Independent Director	Li Wencheng	0	0.00%
	Independent Director	Chen Tachun	22,000	0.00%
<u>Affiliates</u> Ju Feng Hotel Management Consultant Co., Ltd.	Chairman	Highwealth Construction Representative: Fan Huajun	1,200,000	100%
	Director	Highwealth Construction Representative: Zheng Qintian	1,200,000	100%
	Director	Highwealth Construction Representative: Zheng Xiuhui	1,200,000	100%
Highwealth Real Estate	Chairperson	Highwealth Construction Representative: Miao Chingte	2,500,000	100%
	Director	Highwealth Construction Representative: Chen Weichen	2,500,000	100%
	Director	Highwealth Construction Representative: Hsieh Chungchieh	2,500,000	100%

Chyi Yuh Construction Co., Ltd.	Chairperson	Highwealth Construction Representative: Cheng Chunmin	355,000,000	100%
	Director	Highwealth Construction Representative: Hsiung Mengchi	355,000,000	100%
	Director	Highwealth Construction Representative: Fan Huajun	355,000,000	100%
Hundred Million Mark Enterprise Co., Ltd.	Chairperson	Highwealth Construction Representative: Cao Yuanbo	2,200,000	100%
	Director	Highwealth Construction Representative: Zheng Qintian	2,200,000	100%
	Director	Highwealth Construction Representative: Fan Huajun	2,200,000	100%
Pi Chiang Enterprise Co., Ltd.	Chairperson	Highwealth Construction Representative: Cao Yuanbo	7,200	100%
	Director	Highwealth Construction Representative: Zheng Qintian	7,200	100%
	Director	Highwealth Construction Representative: Fan Huajun	7,200	100%
Chuan Hsiang Trading (Shanghai) Co., Ltd.		Highwealth Construction Representative: Cheng Chunmin	—	100%
Xingfuyu Trading (Xiamen) Co., Ltd		Highwealth Construction Representative: Cheng Chunmin	—	100%

Affiliate	Position	Name or representative	Shares held	
			Number of shares	Shareholding Percentage
Highwealth Construction Corporation	Chairperson	Highwealth Construction Representative: Fan Huajun	1,500,000	100%
	Director	Highwealth Construction Representative: Hsiung Mengchi	1,500,000	100%
	Director	Highwealth Construction Representative: Hung Mingyao	1,500,000	100%
Bo-Yuan Construction Corporation	Chairperson	Highwealth Construction Representative: Cao Yuanbo	30,800,000	100%
	Director	Highwealth Construction Representative: Hung Mingyao	30,800,000	100%
	Director	Highwealth Construction Representative: Fan Huajun	30,800,000	100%
Kuang Yang Investment Co., Ltd.	Chairperson	Chyi Yuh Construction Co., Ltd. Representative: Cheng Chiaowen	29,900,000	100%
Well Rich International Co., Ltd.	Chairperson	Highwealth Construction Representative: Fan Huachun	8,100,000	100%
	Director	Highwealth Construction Representative: Cao Yuanbo	8,100,000	100%
	Director	Highwealth Construction Representative: Hung Mingyao	8,100,000	100%
Run Long Construction Co., Ltd.	Chairperson	Da-Li Investment Co., Ltd Representative: Tsai Tsungpin	15,354,970	3.92%
	Director	Kuang Yang Investment Co., Ltd. Representative: Chiu Pingtse	24,022,699	6.13%
	Director	Kuang Yang Investment Co., Ltd. Representative: Chen Kuoyen	24,022,699	6.13%
	Director	Kuang Yang Investment Co., Ltd. Representative: Cheng Chiaowen	24,022,699	6.13%
	Independent Director	Yan Yunqi	0	0%
	Independent Director	Li Wencheng	0	0%
	Independent Director	Chen Yung-Chang	0	0%
Jin Jyun Construction Co., Ltd.	Chairperson	Run Long Construction Co., Ltd. Representative: Chiu Pingtse	50,000,000	100%
	Director	Run Long Construction Co., Ltd. Representative: Lin Chihlung	50,000,000	100%
	Director	Run Long Construction Co., Ltd. Representative: Lu Xiren	50,000,000	100%

6. Overview of the operations of the affiliates

Unit: NT\$ thousand

Affiliate	Capital	Total assets	Total liabilities	Net value	Operating revenue	Net operating income (loss)	Net income (after tax)	Earnings per share (After tax/Dollars)
Controlling company								
Highwealth Construction	13,927,531	150,018,752	109,294,883	40,723,869	34,035,323	9,293,635	8,186,868	6.45
Affiliates								
Ju Feng Hotel Management Consultant Co., Ltd.	12,000	253,462	11,089	242,373	102,614	(3,624)	5,560	4.63
Highwealth Real Estate	25,000	464,657	256	464,401	17,740	17,311	17,337	6.93
Chyi Yuh Construction Co., Ltd.	3,550,000	19,680,031	14,719,276	4,960,755	8,562,068	92,274	362,677	1.61
Hundred Million Mark Enterprise Co., Ltd.	22,000	345,238	245,119	100,119	777	(17,298)	(17,714)	(8.05)
Pi Chiang Enterprise Co., Ltd.	7,200	1,719,368	1,774,671	(55,303)	0	(17,485)	(20,663)	2,869.92
Chuan Hsiang Trading (Shanghai) Co., Ltd	26,555	1,299	87	1,213	0	(477)	(477)	(0.02)
Xingfuyu Trading (Xiamen) Co., Ltd	27,104	1,471	0	1,471	0	(87)	(87)	(0.003)
Highwealth Construction Corporation	15,000	12,939	1,245	11,694	6,444	380	391	0.26
Bo-Yuan Construction Corporation	308,000	1,604,350	1,538,255	66,095	350,026	(170,455)	(475,615)	(15.44)
Kuang Yang Investment Co., Ltd.	299,000	483,358	30	483,328	97,693	97,594	97,817	3.27
Well Rich International Co., Ltd.	81,000	515,897	366,977	148,920	55,168	(12,147)	762	0.09
Run Long Construction Co., Ltd.	3,921,966	37,740,002	31,064,991	6,675,011	9,653,691	2,073,849	1,671,830	4.26
Jin Jyun Construction Co., Ltd.	500,000	2,839,644	2,187,944	651,700	4,136,167	83,495	79,752	1.60

(II) Consolidated financial statements with the affiliates: (please see page __ to __ of the annual report).

Declaration

I hereby declare that the entities required to be included in the consolidated financial statements of the Company as of December 31, 2021 and for the year 2021 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. 10, which standards certified by the Financial Supervisory Commission. In addition, the information required to be disclosed in the consolidated 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,

Name of company Highwealth Construction Corporation

Person in Charge Cao Yuanbo



March 15, 2022

II. Private Securities in the Past Year and as of the Date of Publication of the Annual Report: Nil.

III. 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 16, 2022; Unit: NT\$ thousand; Shares

Subsidiary Name	Paid-in Capital	Source of capital	The Company Shareholding Percentage	Date of acquisition or disposal	Acquired shareholding and value	Number of shares and value disposed	Investment gains/losses	Shareholding and value as of the date of publication of the annual report (Note 1)	Shares pledged	Endorsement/guarantee amount provided by parent company to subsidiaries	Amount borrowed by parent company to subsidiaries
Ju Feng Hotel Management Consultant Co., Ltd.	12,000	Own funds	100%	January 2021 to December 2021	0	0	0	4,578,348 shares NT\$211,749 thousand	Nil	0	0
				111.01~the date of publication of the annual report	0	0	0	4,578,348 shares NT\$207,857 thousand	Nil	0	0
Highwealth Real Estate	25,000	Own funds	100%	January 2021 to December 2021	0	0	0	8,849,291 shares NT\$409,280 thousand	Nil	0	0
				111.01~the date of publication of the annual report	0	0	0	8,849,291 shares NT\$207,857 thousand	Nil	0	0
Chyi Yuh Construction Co., Ltd.	3,550,000	Own funds	100%	January 2021 to December 2021	0	0	0	2,744,601 shares NT\$126,938 thousand	Nil	NT\$8,846,000 thousand (Note 2)	0
				January 2022 up to the publication date of the annual report	0	0	0	2,744,601 shares NT\$126,938 thousand	Nil	NT\$8,846,000 thousand (Note 2)	0
Run Long Construction Co., Ltd.	3,921,966	Own funds	5.72%	January 2021 to December 2021	0	0	0	13,145,000 shares NT\$607,956 thousand	13,145,000 shares	0	0
				January 2022 up to the publication date of the annual report	0	0	0	13,145,000 shares NT\$596,783 thousand	13,145,000 shares	0	0

Note 1: End-of-period valuation adjustment is included.

Note 2: End-of-period endorsements/guarantees are presented by quota, with drawdowns of NT\$4,238,000 thousand and NT\$4,438,000 thousand. Endorsement/guarantee amount with secured property is NT\$0 thousand.

IV. Other Necessary Supplementary Notes: Nil.

V. 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.