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

2022 Annual Report

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One. Letter to the Shareholders

Hello, ladies and gentlemen:

First of all, I would like to thank all the shareholders for your long-term support and love to Highwealth Construction Corporation. It is my pleasure to report our operations and future development plans during the past year to all of you.

The year 2022 has been very challenging. As for the international situation, the Russia-Ukraine war that started in February has worsened the global energy price issue. International central banks have started to increase interest rates one after another to suppress inflation. Domestically, a new variant, Omicron, has become a pandemic in Taiwan, and the number of confirmed cases continues to rise. The government has changed its strategy to coexist with the virus in order to reduce the impact of the epidemic on the economy.

The real estate industry has paid attention to Legislative Yuan passed the third reading of the amendment to “The Equalization of Land Rights Act” of the Executive Yuan on January 10, 2023. The five major amendments to the law include: restrict to resell the written agreement, impose heavy penalties for speculation, set a reward system for whistleblowing, control the purchase of houses by private legal persons, and declare the real estate transaction information when rescinding the contract of pre-sale houses. However, if we observe the global inflation and the trading situation in Taiwan, the current domestic inflation is relatively moderate as compared to the rest of the world, and the interest rate is at a relatively low level, the housing market is stable in terms of price and quantity, and there is a rigid demand for the housing market. As the epidemic control becomes more relaxed, rigid buyers are expected to come out.

We have not only made a profit for many years, but also ranked No. 1 in the service industry construction category, No. 21 in the most profitable companies, and No. 38 in the overall ranking according to the CommonWealth Magazine 2022 Top 2,000 Survey. We are honored by the Taiwan Institute of Directors as one of the “2022 Top 100 Foreign Selected Companies in Taiwan”, which shows our excellent performance in terms of fundamentals, market and sustainability. The Group’s transformation from construction to real estate development has seen success as it moves towards a new milestone in asset diversification. The Aloft Tainan Anping, a hotel under the Marriott brand, has become the most discussed hotel in Tainan after its operation in January 2022. The occupancy rate has steadily increased. In 2023, the Hyatt Regency Jinshan will open soon, and the Hyatt Regency Kaohsiung is also being planned.

In 2023, we will continue to launch new projects in North, Central and South Taiwan. If the licenses are approved, we will launch a number of commercial projects this year, including the Taipei

Highwealth Construction

Highwealth T1, TAIPEI ONE, Xinzhuang Sub-City 6, Taoyuan Zhonglu 5, Taichung Huishun 11, Huiguo 88, and Huiguo 90. The \$32.6 billion syndicated loan for Kaohsiung's "Special Trade Zone III" Northern Base has also been signed and completed. In terms of residential housing, the Group has launched new condominiums in Taichung, including Yong Yue Yi Fang, Ji Fan Xi and La Man Lo Lan; there are some remarkable new condominiums in Kaohsiung, including Sen Mei Shu and Ba Li Tso An. We continue to pay attention to and respond to changes in the business environment. This year, we expect to maintain a steady growth in project volume, and we will work harder to reward our shareholders for your support.

Next, I would like to report to the shareholders of Highwealth's consolidated revenue of NT\$26.6 billion for 2022, in which the contributing construction cases include Hsin Sen Hou Condominium in Qingpu District, Hua Yue City, Taipei CBD Times Square, Fu Jiang Cui Condominium, Tayue and Tahe Condominiums at Jiangcui District, and Park No. 1 in Hsinchu, etc. The contributing construction cases to the revenue at Taichung comprise Menghuancheng Codominium, Berkery Codominium, Hengyung Condominium, Shuhe Condominium, Castle of Orion, and Baida Fuyi Codominium. In the south, the contributing construction cases include Up East Town in Tainan, Huaren Hui Condominium, CBD, Mingsheng Hsianghsieh Codominium, 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 New Heng Bin Codominium, Taichung Country No. 1 Courtyard, Taichung Di Bao Condominium, Kuo Pin Dayue Condominium, Runlong Condominium, and Ture Love No.2 Condominium. These cases had created an after-tax profit of NT\$2.29 per share for 2022!

The rigid demand in the real estate market will not disappear. Depending on the positioning of the products, there is a great demand for first-time home buyers with total price ranging from NT\$6.5 to 13 million and commercial offices in redevelopment zone. In terms of land development, the Company has shifted to participate in government bidding and joint venture development to reduce its dependence on financing. Including the consolidated subsidiaries, we plan to launch 15 new projects in the next seven years, with a total sales value of over NT\$130 billion. It is expected that the new housing construction will reach NT\$444.1 billion by 2029.

We are committed to innovation. 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. We are more competitive than other construction companies, and we can offer more than other small construction companies. Office hardware needs to be matched with software to satisfy the daily needs. Therefore, we offer diversified businesses, including our own bakery brand "The Bakery Factory", franchising with Cama Coffee,

family convenience stores, and world-class hotel, to satisfy consumers' needs for food, clothing, housing, and transportation, and to provide a more convenient office environment.

The Group has been sponsoring the “Taipei Highwealth Baseball Team”, and the “2022 Highwealth Youth Basketball Invitational Tournament” to cultivate sports talents to keep up with the global ESG trend. The Group has introduced 300 times reusable aluminum formwork, BIM building information modeling system, pre-casting method, and pre-assembled steel columns. We will also continue to study and evaluate the possibility of applying construction robots. At the same time, the Company is working with St. Joseph Technical High School to launch a special class on the BIM application and provide local employment opportunities. Although the initial cost we invest in innovation will be higher, new technologies and industry-academia cooperation can be applied to all construction sites to solve the labor shortage problem, improve efficiency and protect the environment. We can improve the construction technology and quality of the project, and help the earth.

“Ethical Management”, “Sustainable Operation”, and “Giving Back to Society” are the core concepts behind Highwealth's continuous development and leadership in the industry, which has been accumulated to over 220 construction projects, with 64,000 houses and 3 million pings of floor space. The number of employees has grown from 165 in 2000 when the Group was listed, to about 1,200 today. In the future, we will continue to expand our business scope and provide more local job opportunities. We will continue to work hard to achieve the greatest benefit and value for our customers, shareholders and employees, and to contribute to the economic growth of Taiwan.

Taiwan is getting better after the pandemic. S&P Global Market Intelligence forecasts that the Asia-Pacific economies will dominate global growth in 2023, while Europe and the U.S. are likely to face recession. For the first time in 2022, the GDP per capita of Taiwan has ranked No. 1 in East Asia ahead of Japan and Korea, and is the 21st largest economy in the world. Of course, we are still confident about the future development of real estate.

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 2022

(I) Operating results

The Company's net consolidated revenue for 2022 was NT\$26,627,233 thousand, representing a decrease of NT\$17,654,832 thousand compared with NT\$44,282,065 thousand for 2021.

The Company's consolidated net profit before tax for 2022 was NT\$4,873,278 thousand, representing a decrease of NT\$6,323,425 thousand, as compared with NT\$11,196,703 thousand for 2021.

This is mainly due to the severe shortage of labor and materials since the pandemic began, resulting in the delay in the construction projects. In addition, the war between Russia and Ukraine has not yet been resolved and the raw material costs continue to rise, resulting in a decrease in the number of completed projects and sales in the year, which led to a decrease in operating income as compared to the previous period.

(II) Budget implementation status

In accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies, it is not necessary for the Company to prepare financial forecasting for 2022.

(III) Financial income and expenses

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

Unit: NT\$ thousand

Item	2022	2021
Net operating income	5,636,978	10,014,960
Non-operating income and expenses	(763,700)	1,181,743
Pre-tax net profit	4,873,278	11,196,703
Net profit	3,905,940	9,589,110
Total comprehensive income	3,910,559	9,603,497

(IV) Profitability capacity analysis

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

Item	2022	2021
Return on Assets (%)	2.19	5.41
Return on Equity (%)	8.24	23.53
Pre-tax net profit to paid-in capital ratio (%)	28.42	80.39
Net profit rate (%)	14.66	21.65
Earnings per share (NT\$)	2.29	6.45

(V) Status of research and development

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 2023

Highwealth Group will continue to purchase land in Keelung, Taipei, New Taipei City, Taoyuan, Taichung, Tainan, and Kaohsiung districts in 2022, and and explore hotel business, in order to set new records in revenue through diversified operating strategies.

The objectives for the coming years are declared as follows:

(I) Operating Policy

The Highwealth Group's core values are "integrity", "sustainable management", and "contributing to the society". We are working towards the goal of doubling the market value of the Company to make profits for both employees and shareholders. With the Group's diversified business strategies, our operating policies are as follows:

1. Development: Integrate the advantages of construction, hotel and distribution business to provide customers with more complete life solutions. At the same time, we will share with world-class partners and learn from diverse experiences, so that consumers can enjoy world-class high-quality products in Taiwan. We have partnered with the world's largest hotel chains, Marriott and Hyatt, to open star-rated hotels and implement diversified operations.

Our product development is expanding towards professionalism, diversifying risks, mastering project quality and progress, and vertically integrating upstream, midstream and downstream business partners to optimize efficiency and enhance competitiveness.

2. Development: In the past, the company's land development projects were planned and implemented after acquiring plain land. In response to the government's policy, especially the bank's restriction on land construction financing, the Company has already planned ahead to address the situation. We have adopted a new strategy of increasing the proportion of joint construction and urban renewal projects and diversifying land acquisition methods to reduce capital expenditure and to spread operating risks to ensure that our project sources will not be interrupted.

3. Planning: ESG sustainability is being promoted around the world, and it has become a trend for the construction industry to advance green buildings, use resource-recycling green building materials, reduce carbon emissions, and reduce waste. The Company learns the characteristics of the design and planning of real estate buildings in various countries extensively, attaches importance to the fire prevention labels, green buildings, building materials labels, intelligent building labels and earthquake-resistant building labels in public areas, and adds the concepts of energy conservation, water conservation, ecology and environmental protection to enhance 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 high-quality products to accommodate its customer's needs, and provides perfect

after-sales service to further enhance customer trust in the brand of Highwealth.

4. In terms of management system: We provide opportunities to train talents and insist on the ethical sharing and humanistic respect to enhance business performance and sustainable development. 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 and improve the internal control system to facilitate the Company to grow rapidly, while increasing work and management efficiency.
5. In terms of finances: Ensure that the Company achieves its operating performance targets, strengthens the financial operating capability, maintains the appropriate equity ratio to cater to the fluctuation of market interest rates, and raises the long and short-term funding requirements, so as to enhance the competitiveness of the Company.
6. Resources: We implement the sustainable development policy, actively train the manpower needs for future development, enhance the company's competitiveness to provide better services, and protect and implement various benefits and the rights for our employees, so that the interests of employees and the company can be integrated and create common prosperity and coexistence.

(II) Major 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 strategies pertinent to the characteristics of the products, supervise the meeting of the targets of each sales scheme and closely monitor market trends to allow flexible adjusting, in order to facilitate project development and maximize profitability.
- (3) To implement diversified business strategies, the Company will increase the proportion of commercial real estate, 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, aluminum mold, robot application, 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 objective 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)Future development strategies of the Company

1. Focus on own business: We have effectively integrated the resources with our partners, strengthened the diversified development strategies in construction methods and building materials, and implemented the high-quality and rapid project development policy in order to steadily expand our business layout.
2. Develop the second core business: We utilize commercial real estate to develop businesses that generate a fixed income, and plan and develop business opportunities to support the stable dividend policy.
3. Digital transformation: As digital technology and tools become popular, the Building Information Modeling (BIM) Center has been established in Kaohsiung

and Taichung. It not only improves design efficiency, reduces construction costs, improves construction quality and safety, but also extends to aluminum formwork. In the future, we plan to introduce transportation robots to implement our innovative mind.

4. Environmental protection and energy saving: In order to be in line with the global trend, we will actively obtain international green building certification for future projects and apply energy-saving technologies and renewable energy to improve the energy efficiency and environmental protection of the buildings.
5. International cooperation: We cooperate with world famous enterprises, for example, the world's largest hotel chain Marriott and Hyatt, international architecture and design team Aedas, G.a Design, Pia, etc., to expand the business scale and influence and to improve the competitiveness of products.
6. Talent training: To address the serious labor shortage problem, the Company has strengthened talent training, established a comprehensive career development system, provided better career opportunities and training opportunities for employees, so that we can attract outstanding talents to join us and enhance our core competitiveness.

III. Influences of external competitive environment, regulatory environment and the overall business environment

(I) External competition:

According to the latest statistics from the Ministry of the Interior, 318,000 properties were registered for sale and purchase in 2022, a decrease of 30,000 properties from 2021, which is the first decrease after five consecutive years of increase in sales since 2017 and an increase to 348,000 properties in 2021. The volume of transactions across the country has shrunk. However, there are many areas, such as Jubei, that have been sold out, resulting in a decline in transactions while housing prices are still rising. 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.

(II) Legal Environment:

Central Bank raised interest rates five times in 2022, the cumulative increase was 0.75%; the rediscount rate rose to 1.875%, a record high in the past eight years, but still relatively low compared to previous years' records. The government launched

four rounds of credit control measures 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 amended the “The Equalization of Land Rights Act” and the “Real Estate Broking Management Act” to restrict to resell the written agreement of pre-sale houses and newly built houses, and to impose heavy penalties on those who speculate on housing prices...etc. The Company will focus more on market trends and study laws and regulations to ensure shareholders’ rights and interests.

(III)Overall business environment:

According to the Chung-Hua Institution for Economic Research, the affordability ratio for residential property purchases shows a decline.

The analysis of Taiwan’s real estate market demand is still growing, and there is no sign of bubble. The demand for residential property is expected to grow. The continuous inflation phenomenon, the high labor and construction material costs...etc., housing prices are difficult to drop. The demand for commercial real estate and residential properties would be the major target in the real estate market due to the return of Taiwanese businessmen and the related supply chain investment and economic growth driven by industrial development. 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.

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

Chairman: 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
2007	On July 10, the Financial Supervisory Commission of the Executive Yuan approved the surplus and capital reserve to increase capital by NT\$1,622.67 million. After the transfer of capital and corporate bonds were converted into ordinary shares, the paid-in capital increased to NT\$5,530.4 million.
2008	<ol style="list-style-type: none">(1) On July 9, the Financial Supervisory Commission of the Executive Yuan approved the surplus and capital reserve to increase capital by NT\$346.29 million. After the transfer of capital and corporate bonds were converted into ordinary shares, the paid-in capital increased to NT\$5,894.32 million.(2) In July and September, the second implementation of the treasury shares was expected to be transferred to employees, and a total of 21,462 thousand shares were bought back.(3) In line with the Taipei City Urban Renewal Policy, the Company's Jintai section of Dazhi Land Readjustment District will participate in the "Taipei Good Look" program to apply for floor area rewards.

- 2009
- (1) On April 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,

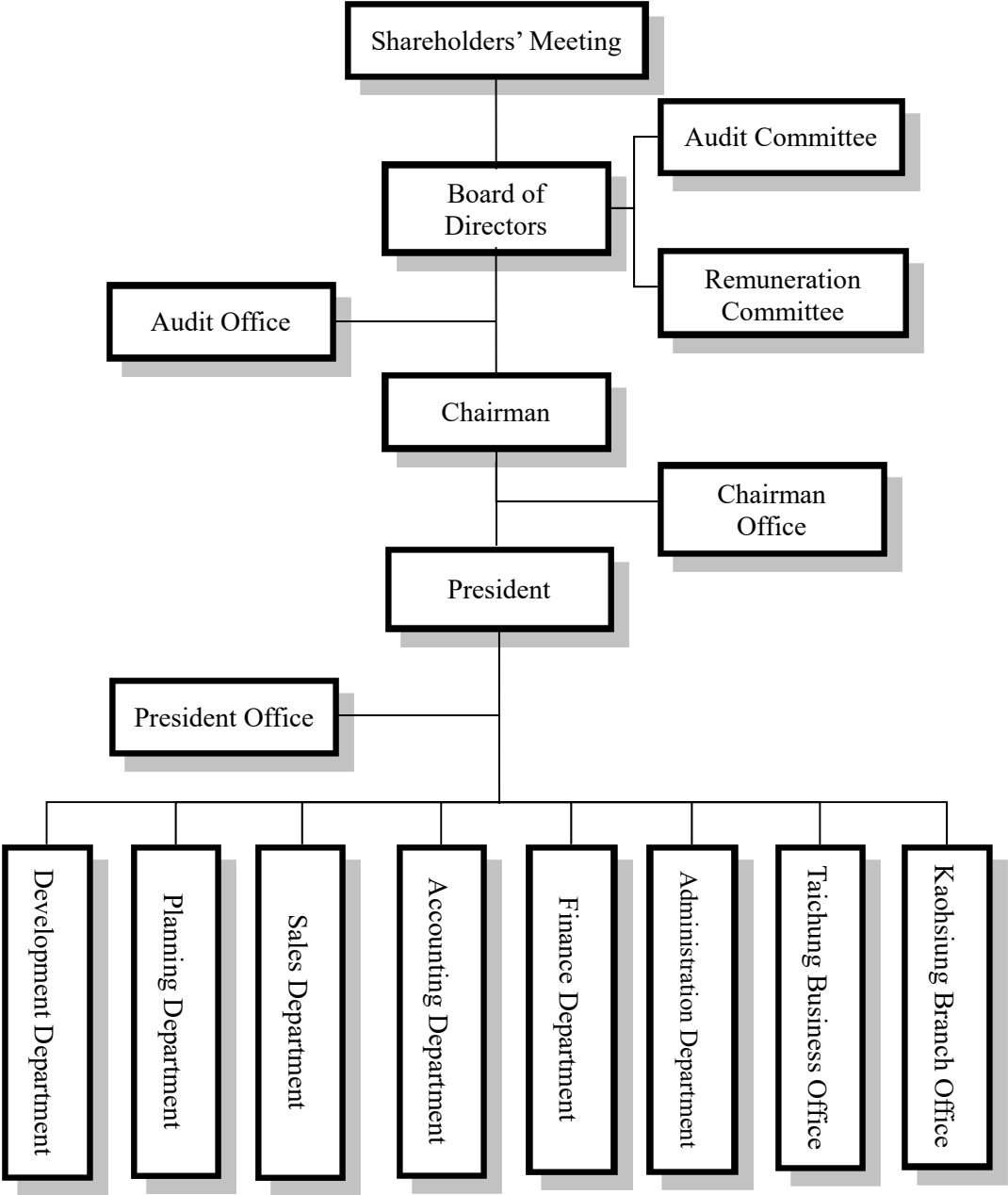
- rewriting a record high.
- 2015 (1) On September 3, the Financial Supervisory Commission issued the letter No. 1040036020 to approve the transfer of surplus shares to the newly issued shares of NT\$2,692.21 million. After the capital increase, the paid-in capital of the Company was NT\$11,666.27 million.
- (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 worth NT\$10,020.00 million.
- 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 Securities and Futures Bureau under the Financial Supervisory Commission to handle the transfer of surplus shares to new shares issued by NT\$1,116.62 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’s convertible 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.
- 2022 (1) After the Company’s convertible bonds were fully converted into ordinary shares, the amount of paid-up capital approved by the Ministry of Economic Affairs increased to NT\$15,603.85 million. On July 28, the Securities and Futures Bureau under the Financial Supervisory Commission approved the transfer of surplus shares to the newly issued shares of NT\$1,542.890 million. After the capital increase, the paid-in capital of the Company was NT\$17,146.74 million.
- (2) In January 2022, the group's hotel, Aloft Tainan Anping commenced its operation.

Three. Corporate Governance Report

I. Company Organization

(1) Organization System

1. Organizational Structure



2. 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.

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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 15, 2023 Unit: Shares; %

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Year)	Date First Elected	Shares held during election		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who Have Spouses or within Two Degrees of Kinship			Note
							Number of shares	Holding shares ratio	Number of shares	Holding shares ratio	Number of shares	Holding shares ratio	Shares	Holding shares ratio			Position	Name	Relation	
Juristic Person Chairman	Republic of China	Run Ying Investment Co., Ltd. <small>Note 1</small>	Not applicable	2020.06.10	3 years	2020.06.10	25,612,992	2.20%	30,996,304	1.81%	0	0%	0	0%	Highwealth Construction Juristic-person Chairman	Nil	Nil	Nil	Nil	Nil
Juristic Person Chairman Representative <small>Note 1</small>	Republic of China	Cao Yuanbo	Male 61 to 70 years old	2021.05.07	Not applica ble.	Not applicable.	0	0%	0	0%	0	0%	0	0%	Specialized class 43, ROC Military Academy Chairman of Highwealth Construction	Chairman of the Company	Nil	Nil	Nil	Nil
Juristic Person Director Representative <small>Note 1</small>	Republic of China	Fan Huajun	Male 51 to 60 years old	2020.06.10	Not applica ble.	Not applicable.	202	0%	244	0%	943	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 Qintian	Male 51 to 60 years old	2020.06.10	3 years	2000.02.23	26,611,304	2.28%	32,249,659	1.88%	9,864,788	0.58%	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 Elected	Term (Year)	Date First Elected	Shares held during election		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who Have Spouses or within Two Degrees of Kinship			Note
							Number of shares	Holding shares ratio	Number of shares	Holding shares ratio	Number of shares	Holding shares ratio	Shares	Holding shares ratio			Position	Name	Relation	
Directors	Republic of China	Zheng Xiuhui	Female 51 to 60 years old	2020.06.10	3 years	2000.02.23	8,151,512	0.70%	9,864,788	0.58%	32,249,659	1.88%	30,996,304	1.81%	Civil Engineering, Kaohsiung Junior College of technology Vice President, Highwealth Construction Corp	The Company's special assistant & Chairman of Xing-Ri-Sheng Investment Company Chairman of Run-Ying Investment Company Chairman of Feng-Rao Investment Company	Director	Zheng Qintian	Couple	Nil
Independent Director	Republic of China	Hong Xiyao	Male 71 to 80 years old	2020.06.10	3 years	2017.06.13	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	2020.06.10	3 years	2017.06.13	0	0%	0	0%	0	0%	0	0%	Central Police University President of Taiwan High Court	Independent director of Run-Long Construction Inc.	Nil	Nil	Nil	Nil
Independent Director	Republic of China	Chen Tachun	Male 51 to 60 years old	2020.06.10	3 years	2020.06.10	20,000	0%	24,203	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 15, 2023; the total number of shares issued is 1,714,674,173 shares.

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. Chairman 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

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Name	Criteria Professional qualification and experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director: Hong Xiyao	<ol style="list-style-type: none"> 1. MBA, Barrington University, USA 2. Chairman 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. 	0
Independent Director: Li Wencheng	<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. Hold the position as an independent director of Run-Long Construction Inc. 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. 	1
Independent Director: Chen Tachun	<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. The Director, the Director's spouse, or relative(s) within the second degree of kinship owns 24,203 shares of the Company (0.0014%). 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. 	0

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, 14% of Directors have law expertise, more than 50% are Directors with sales expertise, more than 50% 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 of the Company

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composes seven Directors, including three Independent Directors; the seniority of one Independent Director is less than three years, and the seniority of two Independent Directors is from three to six years; over 14% of Directors have law expertise, over 85% of Directors have marketing expertise, over 71% of Directors have finance and accounting expertise, and 100% of Directors have backgrounds related to the industry; Independent Directors account for 43%, and Directors who are also employees account for 57%. 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	The employee of 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
Chairman and Juristic Person Director Representative	Cao Yuanbo	Republic of China	Male	√	> 60		√		√	√	√	√	√	√	√	√
Representative of Juristic-person Director	Fan Huajun	Republic of China	Male	√	> 50		√		√	√	√	√	√	√	√	√
Director	Zheng Qintian	Republic of China	Male	√	> 60		√		√	√	√	√	√	√	√	√
Director	Zheng Xiuhui	Republic of China	Female	√	> 50		√		√	√	√	√	√	√	√	√
Independent Director	Hong Xiyao	Republic of China	Male		> 70	> 3	√		√	√	√	√	√	√	√	√
Independent Director	Li Wencheng	Republic of China	Male		> 70	> 3		√		√	√	√	√	√	√	√
Independent Director	Chen Tachun	Republic of China	Male		> 60	< 3			√	√	√	√	√	√	√	√

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

Position	Name	Education (Experience)	Other Position
Chairman	Run Ying Investment Co., Ltd. Representative: Cao Yuanbo	Specialized class 43, ROC Military Academy Vice President, Jayshelyn Construction Co., Ltd.	Chairman of the Company Chairman of Bo-Yuan Construction Corporation. Chairman of Pi Chiang Enterprise Co., Ltd. Chairman of Hundred Million Mark Enterprise Co., Ltd. Well Rich International Co., Ltd.
Director	Run Ying Investment Co., Ltd. Representative: Fan Huajun	Department of Electrical Engineering, Kun Shan University Sales Executive of Highwealth Advertising	President of the Company Chairman 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. Chairman of Highwealth Construction Corporation
Director	Zheng Qintian	Civil Engineering Division, Cheng Shiu University Director, Highwealth Construction	Group CEO 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 & Chairman of Xing-Ri-Sheng Investment Company Chairman of Run-Ying Investment Company Chairman of Feng-Rao Investment Company Director of Minrong Weaving Factory Inc. Director of Hotel Kingdom Inc. Director of Lu Yang Investment Limited
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-Long Construction Inc.
Independent Director	Chen Tachun	Master's in political sciences, Chinese Culture University	Associate Professor of National Taichung University of Science and Technology

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

April 15, 2023 Unit: Shares; %

Title	Nationality	Name	Gender	Date Elected	Minor Child(ren)		Shares held by Spouse & Minor Child(ren)		Shareholding by Nominee Arrangement		Experience(Education)	Other Position(s) Held Concurrently in Other Companies	Spouses or Within Two Degrees of Kinship who are Managers			Note
					Number of shares	Holding shares ratio	Number of shares	Holding shares ratio	Number of shares	Holding shares ratio			Position	Name	Relation	
President	Republic of China	Fan Huajun	Male	2014.06	244	0%	943	0%	0	0%	Electronical Engineering Division, Kun Shan University President of Highwealth Construction Corp	Chairman 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 Zhaoxiang	Male	2006.06	190,331	0.01%	94,393	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	2005.03	405,701	0.02%	0	0%	0	0%	Department of Accounting, Tunghai University Audit Supervisor, Ho Wang Construction Co., Ltd	Nil	Nil	Nil	Nil	Nil
Sales Department Vice President	Republic of China	Chen Qiuwei	Male	2009.12	38,247	0%	0	0%	0	0%	Mechanical Engineering Department, Feng Chia University Yuan Fu Advertising Co., Ltd	Nil	Nil	Nil	Nil	Nil

Accounting Department Assistant Vice President	Republic of China	Li Xiutai	Female	2018.04	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	2021.06	0	0%	1,100	0%	0	0%	Master of Architecture Program, Tamkang University Manager of Planning Department, Highwealth Construction Corp.	Nil	Nil	Nil	Nil	Nil
Kaohsiung Branch Office Assistant Vice President of Planning Department	Republic of China	Song Guozong	Male	2003.10	44,006	0%	0	0%	0	0%	Civil Engineering Division, Nanya Institute of Technology Shi Bangxing Architects	Nil	Nil	Nil	Nil	Nil
Manager of Finance Department and Operation Supervisor	Republic of China	Chang Mingwen	Male	2022.12	5,000	0%	0	0%	0	0%	National Chung Cheng University Manager of Finance of Highwealth Construction Corp	Nil	Nil	Nil	Nil	Nil
Administration Department Manager and concurrently the Chief of Information Security	Republic of China	Chen Chun-Yan	Male	2021.06	10,000	0%	0	0%	0	0%	Royal Roads University MBA Master of Laws in Accounting, National Chung Cheng University Special Assistant to Xingfufa Construction Management Department	Nil	Nil	Nil	Nil	Nil
Kaohsiung Branch Office Manager of Finance Department	Republic of China	Chen Qiulan	Female	2005.03	67,087	0%	0	0%	0	0%	Taitung Senior Commercial Vocational School Associate Manager, Financial Department, Hon-yuang Construction Co., Ltd.	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 15, 2023; the total number of shares issued is 1,714,674,173 shares.

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

(1) Remuneration of Directors and Independent Directors

December 31, 2022 Unit: NTS thousand

Position	Name	Remuneration								Sum of A, B, C and D as a percentage of after-tax profit (Note 10)		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)		Directors' Remuneration (C) (Note 3)		Allowances (D)(Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Employee Compensation (G)(Note 6)						
		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 (Note 7)	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Company	All companies included in the financial statements (Note 7)	
Director	Zheng Qintian																					
Director	Zheng Xiuhui																					
Chairman	Run Ying Investment Co., Ltd. Representative: Cao Yuanbo	3,977	3,977	0	0	8,000	8,000	432	432	0.33%	0.33%	12,329	13,454	0	0	15,000	0	15,000	0	1.06%	1.09%	0
Director	Run Ying Investment Co., Ltd. Representative: Fan Huajun																					
Independent Director	Hong Xiyao																					
	Li Wencheng	3,540	4,560	0	0	0	0	120	120	0.10%	0.10%	0	0	0	0	0	0	0	0	0.10%	0.13%	0
	Chen Tachun																					
<p>1. Please describe the policy, system, standard and structure of director remuneration, and describe the relevance of the amount of payment according to factors, such as responsibility, risk, and invested time: According to the requirements under the "Rules Governing the Scope of Powers of Independent Directors" and Articles of Incorporation of the Company, in order to make independent directors have impacts on the Board of Directors and the operation of the company and maintain independence, the company has to pay the independent directors of the company monthly (or every quarter, or every half year) no matter how much it earns. Moreover, the payment should be adjusted according to the level of participation and the value of the contribution. The Independent Directors do not involve in the appropriation of Director remuneration and other incentives.</p> <p>2. In addition to the disclosure in the above table, in the most recent fiscal year, the compensation received by directors from all companies included in the financial statements for service rendered (e.g. in the capacity of non-employee consultant for parent company/all companies included in the financial statements): Nil.</p>																						

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)	Hong Xiyao Chen Tachun and Li Wencheng	Hong Xiyao and 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 Xiuhui and Fan Huajun	Zheng Xiuhui and Fan Huajun Li Wencheng	-	Li Wencheng
NT\$3,500,000 (inclusive) ~NT\$5,000,000 (not inclusive)	Zheng Qintian	Zheng Qintian	-	-
NT\$5,000,000 (inclusive) ~NT\$10,000,000 (not inclusive)	Cao Yuanbo	Cao Yuanbo	Cao Yuanbo, Zheng Xiuhui Fan Huajun,	Cao Yuanbo, Zheng Xiuhui Fan Huajun,
NT\$10,000,000 (inclusive) ~NT\$15,000,000 (not inclusive)	-	-	-	-
NT\$15,000,000 (inclusive) ~NT\$30,000,000 (not inclusive)	-	-	Zheng Qintian	Zheng Qintian
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	7 Persons	7 Persons	7 Persons	7 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. If the director is also the president or vice president, the remuneration of the president and the vice president of the following table and the following appendix (1-3) should be filled out.

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

Note 3: The amount of 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\$3,071 thousand paid to their drivers and retainues.

- Note 6: Refers to the employee of the director (including the president, vice president, other managers and employees) who has obtained employee compensation (including stocks and cash) in the most recent year, and should disclose the amount of compensation paid by the board of directors in the most recent year. If it is not possible to estimate, the proposed distribution amount for this year will be calculated based on the proportion of the actual distribution amount last year, and the appendix (1-3) should be filled out.
- Note 7: The total amount of remuneration paid by all companies (including the Company) to 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 of a company receives remuneration from a subsidiary or a parent company other than an investment enterprise, the director shall transfer the remuneration received by the director of the company to the investment enterprise outside the subsidiary or a parent company, and merge it into the column of the remuneration range, and alter the item as "Parent company and all re-investment business".
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.

(2) Remuneration of president and vice president

December 31, 2022 Unit: NT\$ thousand

Position	Name (Note 1)	Salary(A) (Note 2)		Pension (B)		Bonuses and Allowances (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 consolidated financial statements (Note 5)	The Company		Companies in the consolidated 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	7,690	9,086	0	0	10,841	11,612	5,800	0	5,800	0	0.65%	0.71%	Nil
Development Department Vice President	Liao Zhaoxiong													
Finance Department Vice President	Wang Suyue													
Sales Department Vice President	Chen Qiuwei													

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)	-	-
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, Liao Zhaoxiong and Chen Qiuwei	Fan Huajun, Liao Zhaoxiong, Wang Suyue, and Chen Qiuwei
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)	-	-

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.

(3) Managers with Employee Remuneration Distribution

December 31, 2022 Unit: NT\$ thousand

	Title (Note 1)	Name (Note 1)	Stock Amount	Cash Bonus	Total	Ratio of Total Amount to Net Income (%)
Managers	CEO	Zheng Qintian	-	20,250	20,250	0.54%
	Chairman	Cao Yuanbo				
	President	Fan Huajun				
	Special Assistant to Chairman	Cheng Hsiuhui				
	Development Department Vice President	Liao Zhaoxiong				
	Finance Department Vice President	Wang Suyue				
	Sales Department Vice President	Chen Qiuwei (Note 5)				
	Assistant Vice President of Planning Department	Liao Lien-Hui				
	Accounting Department Associate Manager	Li Xiutai				
	Manager of Administration Department and concurrently the Chief of Information Security	Chen Chun-Yan				
	Supervisor of Corporate Governance	Chang Mingwen (Note 6)				
	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: The latest amount of the manager's employee remuneration as passed by the board of directors (including shares and cash) in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year. Net profit after tax refers to the net after-tax profit for the latest year. If 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 and equivalent. | (2) Vice president and equivalent. |
| (3) Associate and equivalent. | (4) Head of financial department. |
| (5) Head of accounting department | (6) Other people who have the right to manage the company's affairs and are the company's authorized signatories. |

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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: Sales Department Assistant Vice President Chen Qiuwei was promoted to Sales Department Vice President on August 12, 2022.

Note 6: Manager Chang Minwen was appointed as the Operation Supervisor on December 1, 2022.

- (4) 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.

1. Analysis of the ratio of total remuneration paid to Directors, President, and Vice Presidents of the Company to net profit after tax in the financial statements:

Title	2021		2022	
	Ratio of Total Remuneration to Net profit after tax		Ratio of Total Remuneration to Net profit after tax	
	The Company	Companies in the consolidated financial report	The Company	All companies included in the financial statements
Director	0.49%	0.51%	1.16%	1.22%
President and Vice President	0.22%	0.25%	0.65%	0.71%

In 2022, the ratio of total remuneration paid to Directors, President, and Vice Presidents of the Company to net profit after tax increased from 2021, primarily due to the decrease of net profit after tax in 2022 from 2021, resulting a higher ratio in 2022 than 2021.

2. The remuneration policy, standard and composition:

- (1) The Company has established its Remuneration Committee to make evaluations of the remuneration policy and system of Directors and managers of the Company and provide recommendations to the Board as a reference for decision-making.
- (2) According to the requirements under Article 24 of the Articles of Incorporation, the Board of Directors shall be authorized to determine the remuneration of the chairperson and directors in accordance with the extent of their participation in and the value of their contributions to the operations of the Company and in the light of the normal level of the industry. In addition, if the Company records any profit of the year, it shall appropriate no more than 1% of the profit before tax as the remuneration of Directors according to Article 29 of the Articles of Incorporation.

For Independent Directors, the Board shall determine their monthly fixed

remuneration (paid biannually), and they are not involved in the remuneration distribution from the Company's profits.

- (3) Regarding the remuneration policy of employees, the remuneration is approved based on the individual work experiences, position and duties, work ability and work performance, and financial position and operating status of the Company, and it is positively related to the operating performance. In addition, if the Company records any profit of the year, it shall appropriate no less than 0.1% of the profit before tax as the remuneration of employees according to Article 29 of the Articles of Incorporation.
- (4) The remuneration policy of managers includes salaries and bonuses. Salaries are reviewed and discussed by the Remuneration Committee by taking into account the internal salary balance of the Company, with reference to the market conditions, and based on the job grade, academic background and work experience, professional ability, duties, and other items, and submitted to the Board for resolution. Bonuses are established based on the profits of the year with reference to the duties, contributions, achievement rate of performance objectives, and the operating performance of the Company of the year, reviewed and discussed by the Remuneration Committee, and submitted to the Board for resolution.
- (5) "Remuneration" as used in the Charter of the Remuneration Committee 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."

3. Procedures for establishing remunerations:

- (1) Regarding the performance evaluation of Directors and managers, the "Board Performance Evaluation Method" and the "Performance Management Method" applicable to managers and employees are adopted as the evaluation basis. As for the salaries, apart from referring to the overall operating performance of the Company, future risk and development trends of the industry, the Company also takes the achievement rate of individual performance and contributions to the Company into account to offer reasonable compensations. Relevant performance evaluation and reasonableness of remuneration are reviewed by the Remuneration Committee and the Board, and the remuneration system is examined on a timely basis subject to the actual operating status and relevant laws and regulations (on December 15, 2022, the Remuneration Committee made discussions on the performance evaluation of Directors and managers, and the policy, system, and standard of remuneration; at present, relevant remuneration methods are in line with the Company's operating requirements), and the reasonable trends of corporate governance at present are taking into account to seek the balance between the sustainable corporate operations and risk control.

There are six major items for the performance evaluation indicators of Directors: 1. The control of the goals and missions of the Company; 2. awareness of the duties of a Director; 3. the level of involvement to the operation of the Company; 4. internal operation and communication; 5. the Director's professionalism and continuing education; and 6. internal control.

There are two major items for the performance evaluation indicators of managers: 1. Financial indicator: The profit contributions and allocations to the Company by different business groups and departments based on the management income statement of the Company with reference to the achievement rate of managers' objectives; and 2. non-financial indicators: The implementation of the core value of the Company and business management ability, and the participation in sustainable operations.

- (2) The self-evaluation results of the performance of the Board, Board members, and functional committees of the Company in 2022 were "exceeding the standards significantly. In addition, according to the evaluation results of the performance of managers of the Company in 2022, the performance of all managers has achieved or exceeded the objective and requirements initially set, and the evaluation results based on the annual operating indicators of the Company have achieved the highest standard. The Company has fully considered the professional abilities and the operating and financial status of the Company and linked the compensation of Directors and managers to the overall operating performance of the Company, individual performance objective management, and the evaluation score.

4. Linkage to business performance and future risks

The overall operating status of the Company is adopted as the main consideration for the examination of relevant payment standards and systems, and the payment standards are approved based on the achievement rate of performance and level of contributions to improve the overall organization and group functions of the Board, managers, and departments. In addition, we referred to the salary standards within the industry and ensured the salary of our management is competitive within the industry sector to retain outstanding management talents.

The results of the linkage between the Company's operating achievements and the performance and salary of the management positively facilitate the overall performance of the Company, and in turn, maximize shareholders' interest.

Material decisions are made by the management of the Company after considering all risk factors. The performance of relevant decisions is instantly reflected in the profits of the Company and is related to the salary of the management.

IV. Implementation of Corporate Governance

(1) Operation of the board meeting:

In 2022, the Board of Directors convened 15 Board meetings (A) and the attendance of Directors is as follows:

Position	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) [B/A]	Note
Chairman	Run Ying Investment Co., Ltd Representative: Cao Yuanbo	15	0	100%	-
Director	Zheng Qintian	15	0	100%	-
Director	Run Ying Investment Co., Ltd Representative: Fan Huajun	15	0	100%	-
Director	Zheng Xiuhui	15	0	100%	-
Independent Director	Hong Xiyao	15	0	100%	-
Independent Director	Li Wencheng	15	0	100%	-
Independent Director	Chen Tachun	14	1	93%	-

Other items to be recorded:

- I. If any of the following circumstances occurs in the operation of the board meeting, please indicate the date of the board meeting, the session number, the contents of the motion, the opinions of all independent directors and the company's handling of the opinions of the independent directors:
- (1) Matters listed in the Securities Exchange Act, Article 14-5: Nil.
 - (2) 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.
- II. 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:
- On August 11, 2022, the Board of Directors approved the donation to Taichung Highwealth Art and Culture Foundation by resolution. The donation amounted to NT\$10,000,000. Apart from Cao Yuanbo (Chairman), 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.
- III. 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 14, 2023, the performance evaluation results of the Board of Directors and functional committees for 2022 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.

- IV. 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 thirteen meetings had been convened in 2022. The Board of Directors approved to set the Operation Supervisor of the Company on March 19, 2019. On November 14, 2022, the Board of Directors approved Manager Chang Mingwen as the newly appointed Operation Supervisor starting from December 1, 2022.

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

Period of Evaluation	Duration of Evaluation	Range of Evaluation	Methods of Evaluation	Content of Evaluation	Result of Evaluation
Every year (Note)	2022/01/01 to 2022/12/31	Board of Directors	Internal evaluation of the board of directors	(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 the members in the board of directors	(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. (4) The specialty and advanced studies of the directors. (5) Internal control	(1) Overall Result: Significantly 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 the directors take extra advanced studies courses and with more diversity in addition to the amount of hours required annually.
		Functional committee	Self evaluation of the member in committee	(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 14, 2023, 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 consist 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 2022 has been discussed by the Board of Directors and passed on March 14, 2023. Han Yilien and Tim Tzang, CPAs of KPMG, are in compliance with visa independence and the standard of the competence assessment.

The operation of the audit committee

In 2022, the Audit Committee convened thirteen (13) 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	Attendance in Person Rate (%) (B/A)	Note
Independent Director	Hong Xiyao	13	0	100%	Nil
	Li Wencheng	13	0	100%	
	Chen Tachun	12	1	92%	



Other items to be recorded:

- I. 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:
- (1) Matters listed in the Securities Exchange Act, Article 14-5: Nil.
 - (2) 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.
- II. 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.
- On August 11, 2022, the Audit Committee approved the donation to Taichung Highwealth Art and Culture Foundation by resolution. The donation amounted to NT\$10,000,000. Apart from Chen Tachun, who recused himself due to a conflict of interest, the remaining two attending committee members approved and passed the resolution.
- III. 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 communicated by the Independent Directors, the 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 are 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.

(3) 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
	YES	NO		
I. 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.
II. 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.	No significant deviation.
(3) Does the company establish, implement and control the risk control and firewall mechanism between the enterprises?	✓		(3) The management authority of personnel, assets and finance between the Company and its related companies is clear, and it does handle risk assessment and establish appropriate firewall mechanisms. The business dealings with the related companies are based on the principle of fairness and reasonableness, and are subject to the relevant management measures such as “specified company, group	No significant deviation.



Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	YES	NO		
(4) Does the company stipulate internal regulations and prohibit insiders from using the undisclosed information on the market to buy and sell securities?	✓		<p>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</p> <p>(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.</p>	No significant deviation.
<p>III. Composition and duties of the Board of Directors</p> <p>(1) Has the board devised and implemented policies and concrete management goals to ensure diversity of its members?</p>	✓		<p>(1) The Board of Directors shall instruct 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</p>	No significant deviation.

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	YES	NO		
			<p>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):</p> <ol style="list-style-type: none"> 1. Elementary condition and value: Gender, Ages, Nationality, and cultures, and so on. 2. Professional knowledge and techniques: professional background. (such as law, accounting, industry, financial, sell, or technology), professional skills, and other experiences of industry. 3. Business management and crisis management capabilities, industry knowledge, international market perspective, leadership qualities and decision making capability. 4. The current diversity policy and goals of the Board members and the implementation status (Note 1) are disclosed on the Company website. 	
(2) Does the company voluntarily set up other functional committees in addition to the salary remuneration committee and the audit committee?	✓		(2) At present, the Company has set up salary compensation committees and audit committees according to law. The Company will be setting up other functional committees in order to comply with the related law and regulations.	No significant deviation.
(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?	✓		(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	No significant deviation.

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	YES	NO		
(4) Does the company regularly assess the independence of the visa accountant?	✓		<p>reference of the director’s payment and nominating 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 content of the CPAs for 2022 includes obtaining AQIs from the CPA’s firm, and the evaluation results were ratified by the Board of Directors and Audit Committee on March 14, 2023. Han Yilien and Tim Tzang, CPAs of KPMG, are found to be compliant with the independence and competence standard of the Company and thereby qualified to be the CPAs hereto.</p>	No significant deviation.
IV. Whether the listing company has set up a corporate governance special (part-time) unit or personnel responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to conduct business, and handling matters related to meetings	✓		The Company set the position of Operation Supervisor with the approval of the Board of Directors on March 19, 2019, to make corporate governance in practice and improve the efficiency of the Board of Directors. The Board of Directors approved Manager Chang Mingwen to concurrently hold the position as the Operation Supervisor of the Company on November 14, 2022 to be in charge of the matters related to corporate governance. Operation	No significant deviation.

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	YES	NO		
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.)?)			Supervisor Chang Mingwen has experience as head for more than three years of finance and corporate governance in public companies. 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. 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 duties, assisting Directors in legal compliance and conformity to Articles of Incorporation.	
V. Does the company establish communication channels with interested parties (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder areas on the company’s website, and respond appropriately to important corporate societies of concern to stakeholders, and responsibility issues?	✓		The Company has a spokesperson and an acting spokesperson and smooth communication channels with stakeholders and has set up a stakeholder section on the Company’s website to set out the contact information of dedicated personnel based on shareholders, customers, suppliers, employees, government, media, society/community, and other targets, including landlords, contactors, banks with dealings, and employees of the Company. Stakeholders may communicate and negotiate with the exclusive department.	No significant deviation.
VI. Does the company appoint a professional stock agency to handle the affairs of the shareholders’ meeting?	✓		The Company has appointed agency department of Capital Securities Corporation to handle the affairs of the shareholders’ meeting.	No significant deviation.

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	YES	NO		
VII. Information disclosure				
(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).	No significant 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.	No significant deviation.
(3) Does the Company announce 2 months 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.	No significant deviation.
VIII. Does the Company have any other important information (including but not limited to employees’ rights, employee care, investor relations, supplier relationship, rights and interests of interested parties, training for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company’s purchase of liability insurance for directors and supervisors, etc.)?	✓		(1) Employee’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 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	No significant deviation.

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	YES	NO		
			<p>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 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.</p> <p>(4) Supplier relationship: The Company keeps good relations with suppliers and ensures stable contract implantation.</p> <p>(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.</p> <p>(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</p>	



Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	YES	NO		
			<p>to perform their duties.</p> <p>(7) Implementation of risk management policies and risk measurement standards: The Company’s major operation policies, investments, endorsements and guarantees, loans and bank financing are subject to the assessment of appropriate authorities and the approval of the Board of Directors. The Audit Department also draws up its annual audit plan in accordance with the risk assessment results to implement the monitoring mechanism and risk management.</p> <p>(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.</p> <p>(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, 2022 and June 30, 2023 and the purchase had been reported to the Board of Directors on May 12, 2022.</p>	
<p>IX. 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 2022. 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> <ol style="list-style-type: none"> 1. The Company has established its GHG inventory schedule and has been reporting to the Board on a quarterly basis. 2. The Company invited CPAs to communicate with Independent Directors and the Chief Auditor regarding the financial statements and the finance and business of the Company. 				

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	YES	NO		
3. The Remuneration Committee has regularly examined the performance evaluation and remuneration policy, system, standard, and structure of Directors and managers. (2) Priority to enhance according to items that have not been improved: <ol style="list-style-type: none"> 1. In the future, the Company shall disclose the total yearly greenhouse emission, water use and waste generated for the preceding two years. 2. In the future, the Company will engage an external party to perform the verification of our GHG inventory information. 				

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 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 operations, the structural goal of the Board should comprise more than five Board members, of which at least one member is female Director, three members are Independent Directors, at least one member has legal expertise, more than half of the Directors possess sales expertise, more than half of the Directors possess financial and accounting expertise, and more than two-thirds of the Directors possess industry 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:

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

Position	Name	Nationality	Formation			
			Gender	The employee of the company	Age	Seniority of Independent Director
Juristic Person Chairman Representative	Cao Yuanbo	Republic of China	Male	V	>60	
Juristic Person Director Representative	Fan Huajun	Republic of China	Male	V	>50	
Director	Zheng Qintian	Republic of China	Male	V	>60	
Director	Zheng Xiuhui	Republic of China	Female	V	>50	
Independent Director	Hong Xiyao	Republic of China	Male		>70	> 3
Independent Director	Li Wencheng	Republic of China	Male		>70	> 3
Independent Director	Chen Tachun	Republic of China	Male		>60	< 3

Position	Name	Experience in industry/ Specialty									
		Financial Accounting	Law	Marketing	Operational Judgment	Business Management	Crisis Management	Industry knowledge	Global Market Perspective	Leadership Quality	Decision Making Capability
Juristic Person Chairman Representative	Cao Yuanbo	V		V	V	V	V	V	V	V	V
Juristic Person Director Representative	Fan Huajun	V		V	V	V	V	V	V	V	V
Director	Zheng Qintian	V		V	V	V	V	V	V	V	V
Director	Zheng Xiuhui	V		V	V	V	V	V	V	V	V
Independent Director	Hong Xiyao	V		V	V	V	V	V	V	V	V
Independent Director	Li Wencheng		V		V	V	V	V	V	V	V
Independent Director	Chen Tachun			V	V	V	V	V	V	V	V

Note 2: The important assessment index of the independency and qualification of the Certified Public Accountants in 2022 as follows:

Highwealth Construction Corporation

Assessment Form of the Independency and Qualification of the Certified Public Accountants in 2022

I. 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).

II. Assessment target:

Name of Accountant:	Accountant Han Yilien Accountant Tim Tzang	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	Assessment complies with independency	
		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.	✓	

◎ AQI evaluation: The CPAs and the audit team possess sufficient audit experiences.



◎ Performance and plans of works

1. Completed the financial and taxation attestation for 2022 as scheduled.
2. Provided financial and taxation assurance services from time to time.

◎ Result of assessment

After the assessment, CPAs appointed by the Company do not have any circumstances described in the independence evaluation items above. We confirmed that the CPAs comply with the rules of independence; the CPAs and the audit team possess sufficient audit experience, and the financial reports issued by them are reliable.

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

1. Remuneration Committee Member Information

April 15, 2023

Position	Criterion	Professional qualification and experience	Independence Status	No. of other listed companies working as remuneration committee member of
	Name			
<ol style="list-style-type: none"> 1. Independent Director 2. Convener 3. Work experience of more than six (6) years 	Li Wencheng	<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 	<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. Hold the position as an independent director of Run-Long Construction Inc. 3. Has not provided any business, legal, financial, accounting, or other services to the Company or its affiliates in the most recent two years. 	1
<ol style="list-style-type: none"> 1. Independent Director 2. Work experience of more than two (2) years 	Hong Xiyao	<ol style="list-style-type: none"> 1. MBA, Barrington University, USA 2. Chairman of Taiyen Biotech Co., Ltd. and CEO of National Development Fund 	<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 	0

Highwealth Construction

Position	Criterion		Professional qualification and experience	Independence Status	No. of other listed companies working as remuneration committee member of
		Name			
				<p>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. Others</p> <p>2. Work experience of more than six (6) years</p>		Cai Chi-chan	<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>	1

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 2022, the Remuneration Committee convened four (4) meetings (A), and the member attendance is as follows:

Position	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Attendance in Person Rate (%) [B/A]	Remarks
Convener (Independent Directors)	Li Wencheng	4	0	100%	Nil
Member (Independent Directors)	Hong Xiyao	4	0	100%	
Member	Cai Chi-chan	4	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.

(5) 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		
I. 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 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 15, 2022, 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</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
	YES	NO		
			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.	
II. Has the company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on materiality principle?	✓		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 countermeasures (for details, please see the ESG 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.	No significant deviation.
III. Environmental Issue (1) Does the company set up an appropriate environmental management system, according to the feature of the industry?	✓		(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 is 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	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		
(2) Is the company committed to enhancing efficient use of energy resources, and using reusable materials that produce less impact on the environment?	✓		<p>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 ESG Report).</p> <p>(2) Office: Implement paper re-use and retain cabinets, glasses, curtains, doors and windows when moving to the new office. 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. Product design: The Company formulates planning for green building projects in accordance with the 2015 Green Building Evaluation Manuals published by the Ministry of the Interior (MOI). Upon using quantification standards to examine green buildings, the Company has managed to apply for Green Building Label successfully (for details, please refer to the ESG Report). 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 appropriate reclaimed material and undertakes separate treatment for construction waste from general waste</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
	YES	NO		
(3) Does the company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	✓		<p>to implement waste sorting and recycling measures.</p> <p>(3) The Company has set a Sustainability 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 and corporate branding.</p>	No significant deviation.
(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>(4) The Company is dedicated to the measures of energy saving and carbon reduction. Taking the effect of climate change into consideration, the Company has promoted a paperless system, lights out during 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 Sustainability Report. The Company will keep promoting the policy of energy-saving, and take lowering the emission of carbon by 1% from last year as a goal to reach the goal of greenhouse gas reduction</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
	YES	NO		
			and sustainable development. For the description and policies on greenhouse gas emission, water use and waste treatment, please see the ESG Report and the website of the Company.	
IV. Social Issues				
(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(1) The Company 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, 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 others), and adjust the payment	✓		(2) The Company has a reasonable measure of employees’ welfare. The policy of payment, vacation, and other welfares are formulated in the policy, and the payment will be adjusted as a reward due to the performance of operations. The	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		
according to the performance of the operation?			Company has established an employee complaint mechanism and pipeline, and properly handled relevant appeal cases. The Company has stated in the Article 29 of the Articles of Incorporation that the remuneration of employees shall be no less than 0.1% of the profit before tax. The Company shares its achievements with employees in accordance with the business performance. The appropriation ratio for the remuneration of employees was 0.5% in 2021 and 0.8% in 2022.	
(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 a 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 examinations 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.	No significant deviation.
(4) Whether an effective career development training project is available for employees or not?	✓		(4) Relevant internal and external professional education and training are offered to fulfill career skills of employees. Employees are also encouraged to assess their own interests, skills, values, and goals; and communicate with managers regarding personal intentions and career plans for the future.	No significant deviation.
(5) Whether the health and security of the customers, privacy of the clients, and	✓		(5) The Company abides by relevant laws and international standards regarding its marketing and labeling	No significant deviation.

Item of promotion	Execution		Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies	
	YES	NO		
<p>marketing and indication are following the rules, and related consumer and customer protection policies and grievance procedures are available by the company?</p> <p>(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?</p>			<p>of products and services. Nothing on cheating, misleading, fraudulence or any other acts that undermine consumer confidence and consumer right damages.</p> <p>(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 discharge cooperative relationship immediately.</p>	No significant deviation.
<p>V. Does the company prepare sustainable development report or any report of non-financial information based on international reporting standards or guidelines? Has the assurance or guarantee opinion been obtained from a third-party verification institution for the abovementioned report?</p>	✓		<p>The information of the Company's Sustainability Report discloses non-financial information with reference to the general international preparation standards or guidelines. The preparation of the Sustainability Report prepared will improve the reliability of the information on stakeholders, and we will obtain the assurance from a third-party verification institution - Ernst & Young.</p>	No significant deviation.
<p>VI. 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: 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</p>				

Item of promotion	Execution			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies																										
	YES	NO	Summary description																											
performance and formulate plans for the future in a holistic manner. Overall, no significant deviation.																														
VII. Other information useful to the understanding of sustainable development promotion:																														
1. Environmental protection: The wastes of the Company's various construction sites are fully contracted and handled by professional and legal environmental protection companies. Each site has a director who is responsible for rectification and environmental maintenance management.																														
2. Community participation: Participate in all the cases to distinguish the owner's meeting, the guiding management committee to operate normally, and provide community services, strengthen the TMO function, promote to the non-construction community, the permanent adoption of the park near the construction case and the public park of the non-construction park adoption.																														
3. Social contribution, social service, social welfare: Apart from being committed to the development of the industry, the Company and its subsidiaries have not forgotten to give back to the community, and to practice the corporate spirit of "taking it from society and using it in society". In recent years, the Company has continued to promote caring for the disadvantaged and investing considerable resources and donations. In 2022, various donor activities were held consistently as follows:																														
Unit: NT\$ Dollar																														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Donation receiving party</th> <th style="text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">Social Welfare</td> </tr> <tr> <td>Association of Cross-Strait Exchange Athletics, Culture and Education</td> <td style="text-align: right;">1,750,000</td> </tr> <tr> <td>Taichung Ci-Xin Charity</td> <td style="text-align: right;">53,900</td> </tr> <tr> <td>Taipei City Elderly Service Association</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>Taichung Highwealth Art and Culture Foundation</td> <td style="text-align: right;">575,518,283</td> </tr> <tr> <td>Kaohsiung Cisian Junior High School</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>Promote industry-academy collaboration and educational cooperation with the National Taichung University of Science and Technology</td> <td style="text-align: right;">199,070</td> </tr> <tr> <td>Taichung Medical Clinics Association</td> <td style="text-align: right;">60,000</td> </tr> <tr> <td>Tainan Municipal Anping District Yizai Elementary School</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Taipei City Wenshan District Mingdao Elementary School</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Taipei Municipal Minzu Junior High School</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>The Real Estate Development Association of Tainan</td> <td style="text-align: right;">70,000</td> </tr> </tbody> </table>					Donation receiving party	Amount	Social Welfare		Association of Cross-Strait Exchange Athletics, Culture and Education	1,750,000	Taichung Ci-Xin Charity	53,900	Taipei City Elderly Service Association	20,000	Taichung Highwealth Art and Culture Foundation	575,518,283	Kaohsiung Cisian Junior High School	30,000	Promote industry-academy collaboration and educational cooperation with the National Taichung University of Science and Technology	199,070	Taichung Medical Clinics Association	60,000	Tainan Municipal Anping District Yizai Elementary School	50,000	Taipei City Wenshan District Mingdao Elementary School	50,000	Taipei Municipal Minzu Junior High School	50,000	The Real Estate Development Association of Tainan	70,000
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4. Consumer Rights:																														
While maintaining normal operations and maximizing the interests of shareholders, we will also build a qualified, legal and national security regulations and environmental protection policies, and pay attention to consumer rights, community environmental protection and public welfare issues, and irregular customer satisfaction. Investigate, for projects with poor satisfaction, in conjunction with relevant departments, review the lack of improvement, to improve product quality and customer satisfaction, so that consumers can buy peace of mind, rest assured, and pay attention to the Company's social responsibility.																														

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		
<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 the 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 Benefits Committee to ensure employee rights and interests. Safety and health technical staff, operational supervisors or construction safety evaluation personnel are designated to provide a safe and healthy workplace. Regular training is 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 of main issue focused by the stakeholders the communication channels and the person for contact have been disclosed in the company’s website. (https://www.highwealth.com.tw) On December 15, 2022, the Company had reported the communication status with stakeholders to the Board of Directors.</p>				

(6) 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		Summary description	Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO		
<p>I. Establishment of ethical corporate management policies and solutions (1) Does the company set the policy of trust management pass by the board of directors and express its commitment to the policies and practices of integrity management in its regulations and in the external documents, and do the board of directors and</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. We provide</p>	No significant variances

Evaluation Item	Implementation Status		Summary description	Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO		
the management actively implement the business policies?			continuing education and educational training for Directors, managers, and employees to reinforce their philosophy of ethical corporate management to realize the policies and commitments of ethical corporate management. On October 20, 2022, the Company carried out internal educational training and invited a law firm to start a lecture via a video for employees around Taiwan regarding ethical corporate operation - “Breach of Trust and Non-regular Transactions.” For details on other educational training and continuing education, please refer to the information on continuing education and educational training for Directors, managers, and employees.	
(2) Has the company set up a program for the prevention of dishonesty as well as analyzing and assessing the activity with high dishonest risk, and include Article 7 in “Principle of listed company’s honesty for management”?	✓		(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.	No significant variances
(3) Has the company set up procedures, conduct guidelines and a disciplinary in the program for the prevention of dishonesty and appeals system in various programs	✓		(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	No significant variances

Evaluation Item	Implementation Status		Summary description	Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO		
and implemented them?			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 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.	
II. Implementation of integrity management				
(1) Does the company assess the integrity record of its business partner, and stipulate the terms of conduct on integrity in the contract with the business partner?	✓		(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.	No significant variances
(2) Has the company set up a dedicated (or concurrent) corporate integrity promotion unit under the board of directors which regularly reports to the board on its' work(at least once a year)?	✓		(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 relevant specifications, the Company examines the implementation, interpretation, and consultation services of ethical corporate management of the departments and regularly reports to the Board each year. We provide continuing	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) Has the company formulated policies to prevent conflicts of interest, provided appropriate channels for statements and implemented them?	✓		<p>education and educational training for Directors, managers, and employees to reinforce their philosophy of ethical corporate management to realize the policies and commitments of ethical corporate management. In addition, we regularly hold annual educational training courses related to ethical corporate management. On October 20, 2022, the Company carried out internal educational training and invited a law firm to start a lecture via a video for employees around Taiwan regarding ethical corporate operation - “Breach of Trust and Non-regular Transactions.” For details on other educational training and continuing education, please refer to the information on continuing education and educational training for Directors, managers, and employees.</p> <p>On November 14, 2022, 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 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.</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	
(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>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 supervisors attend the Board of Directors meeting and Audit Committee meeting regularly, and report on the operation of auditing.</p>	No significant deviation.
(5) Does the company organize internal or external training on a regular basis to maintain business integrity?	✓		<p>(5) We provide continuing education and educational training for Directors, managers, and employees to reinforce their philosophy of ethical corporate management to realize the policies and commitments of ethical corporate management. In addition, we regularly hold annual educational training courses related to ethical corporate management. On October 20, 2022, the Company carried out internal educational training and invited a law firm to start a lecture via a video for employees around Taiwan regarding ethical corporate operation - "Breach of Trust and Non-regular Transactions." For details on other educational</p>	No significant deviation.

Evaluation Item	Implementation Status		Summary description	Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies
	YES	NO		
			training and continuing education, please refer to the information on continuing education and educational training for Directors, managers, and employees.	
<p>III. The operation status of reporting system.</p> <p>(1) Has the company set up specific reporting and reward systems and a convenient reporting channel, and does the company assign appropriate personnel to investigate the person being reported?</p> <p>(2) Has the company set up standard investigation procedures and a related confidentiality mechanism for the matter being reported?</p> <p>(3) Does the company take measures to protect the reporter from improper treatment?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(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.</p> <p>(2) The Company has set up a reporting system on both internal and external websites of the Company to accept any notification of illegal or unethical circumstances, and an independent responsible unit is responsible for the investigation, and the identity of the prosecutor and the contents of the report are strictly confidential.</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>	<p>No significant deviation.</p> <p>No significant deviation.</p> <p>No significant deviation.</p>
<p>IV. Strengthening of Information Disclosure: Has the company disclosed its ethical corporate management principles and progress onto its website and MOPS?</p>	✓		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	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	
			timely, please see MOPS and the Company website.	
<p>V. 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.</p> <p>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.</p>				
<p>VI. 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.):</p> <p>The Company adheres to the principle of good faith management and engages in all commercial activities. When signing a contract with others, its contents include compliance with the integrity management policy and the transaction relatives may terminate or cancel the terms of the contract at any time; Professional and diligent management to ensure fair, sustainable and competitive returns, to create the best interests of shareholders; to provide working conditions that guarantee the health and safety of each employee, to listen to employees and to face complaints from employees in good faith problems, encouragement and assist employees in developing relevant skills and knowledge, and avoid illegal activities, providing employees with sustainable employment opportunities. The Company values the interests of every interested person to promote the sustainable development of the Company.</p>				

- (7) 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.

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

1. Material information of the Company is immediately announced on MOPS as required by the competent authority. The Company's finance, business and corporate governance related information is also regularly or immediately updated in the "Investors" section on the Company's website.
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

Name of the Company	Position	Name	Date of further training	Held by	Training Program	Duration (hour)
Highwealth Construction	Independent Director	Hong Xiyao	2022/07/12	Taiwan Corporate Governance Association	Review of Merger and Acquisition, and Director Responsibilities	3
			2022/10/12	Securities & Futures Institute	2022 Seminar for Legal Compliance of Insider Ownership Transaction	3
	Independent Director	Li Wencheng	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainability and Net-Zero Summit - Transform to Net-Zero and Realize Sustainability by 2030	3
			2022/07/12	Taiwan Corporate Governance Association	Review of Merger and Acquisition, and Director Responsibilities	3
			2022/09/20	Taiwan Corporate Governance Association	Ten Lectures for Corporate Governance	3
			2022/09/29	Taiwan Stock Exchange Corporation and Taipei Exchange	Promotional Session for the Establishment of Guidelines for the Exercise of Powers of Independent Directors and Audit Committee	3
			2022/10/12	Securities & Futures Institute	2022 Seminar for Legal Compliance of Insider Ownership Transaction	3
			Independent Director	Chen Tachun	2022/08/19	Taiwan Corporate Governance Association
	2022/10/12	Securities & Futures Institute			2022 Seminar for Legal Compliance of Insider Ownership Transaction	3

Highwealth Construction

Name of the Company	Position	Name	Date of further training	Held by	Training Program	Duration (hour)
			2022/12/14	Securities & Futures Institute	Challenges and Opportunities of Sustainable Development Route and Introduction to GHG Inventory	3
Run Long Construction	Independent Director	Chen Yung-Chang	2022/08/18	Taiwan Institute of Directors	SAP NOW Taiwan Joint Creation of Sustainable Smart Enterprises	3
			2022/10/12	Securities & Futures Institute	2022 Seminar for Legal Compliance of Insider Ownership Transaction	3
	Independent Director	Yan Yunqi	2022/04/02	Taiwan Institute for Sustainable Energy	2021 Cathay for Sustainable Finance and Climate Change Summit	3
			2022/05/12	Jointly held by the Taiwan Stock Exchange Corporation, Alliance Advisors, and Taiwan Corporate Governance Association	International Twin Summit	3
			2022/09/29	Taiwan Stock Exchange Corporation and Taipei Exchange	Promotional Session for the Establishment of Guidelines for the Exercise of Powers of Independent Directors and Audit Committee	3
	Independent Director	Li Wencheng	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainability and Net-Zero Summit - Transform to Net-Zero and Realize Sustainability by 2030	3
			2022/07/12	Taiwan Corporate Governance Association	Review of Merger and Acquisition, and Director Responsibilities	3
			2022/09/20	Taiwan Corporate Governance Association	Ten Lectures for Corporate Governance	3
			2022/09/29	Taiwan Stock Exchange Corporation and Taipei Exchange	Promotional Session for the Establishment of Guidelines for the Exercise of Powers of Independent Directors and Audit Committee	3
			2022/10/12	Securities & Futures Institute	2022 Seminar for Legal Compliance of Insider Ownership Transaction	3

(9) Implementation of the internal control system

1. Internal Control Statement

Highwealth Construction Corporation
Internal Control Statement

March 14, 2023

The internal control system for 2022, according to the results of self-assessment are thus stated as follows:

- I. 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.
- II. 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.
- III. 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”.
- IV. The Company has adopted the aforesaid judgment items for internal control to evaluate the effectiveness of design and execution of internal control system.
- V. 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, 2022, and they can reasonably assure the aforesaid goals have been achieved.
- VI. 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.
- VII. This statement has been approved by the meeting of Board of Directors on March 14, 2023, and those 7 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.

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

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

1.2022 Significant resolution made by the shareholder’s annual meeting and its implementation

Date/Session	Content of Meeting Minutes		Special Items
	Items	Execution	
June 14, 2022 2022 General Shareholders Meeting	(1) Ratification of 2021 Business Report and Financial Statements.	(1) The related forms and books are register to the competent authorities for reference, announced, and declared in accordance with the Company Act and relevant laws and regulations.	Nil
	(2) Resolution passed for earning distribution of 2021.	(2) In 2021, it is resolved for the distribution of a cash dividend of NT\$4.16 per share and a share dividend of NT\$1.04 per share for earning distribution. After the resolution made by the shareholders’ meeting and the adjustments to the share distribution and payout ratio by the Board, the cash dividend was NT\$4.00650848, and the share dividend was NT\$1.00162711 per share; October 2, 2022 was set as the ex-dividend date, and the distribution was made on October 31, 2022.	
	(3) Approved the capital Increase from retained earnings and Issuance of new shares.	(3) After the shareholders’ meeting has approved by making a resolution, the alteration registration for the capital was completed on October 14, 2022, and the distribution was made on October 31, 2022.	
	(4) Approved the proposal for the amendment to partial articles of the Articles of Incorporation.	(4) It has been handled according to the procedure and put on the website.	
	(5) Approved the proposal for the amendment to partial articles of the “Procedures of Acquisition or Disposal of Assets.”	(5) It has been handled according to the procedure and put on the website.	
	(6) Approved the proposal for the amendment to partial articles of the “Rules and Procedures for Shareholders’ Meetings.”	(6) It has been handled according to the procedure and put on the website.	

3. Important resolutions of the Board of Directors for 2022 up until the publication date of the annual report.

Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
January 17, 2022; 2022 Session 1	<ul style="list-style-type: none"> (1) Proposal for the subscription of the cash capital increase of subsidiary "Pi Chiang Enterprise Co., Ltd." (2) Proposal for applying for credit facility limit from financial institutions. (3) Proposal for applying for credit facility from financial institutions. (4) Proposal for the application of escrow limit for pre-sold house value trust to financial institutions. 	<ul style="list-style-type: none"> (1) The resolution was passed by all the attending Directors unanimously. (2) The resolution was passed by all the attending Directors unanimously. (3) The resolution was passed by all the attending Directors unanimously. (4) The resolution was passed by all the attending Directors unanimously. 	Nil
January 28, 2022; 2022 Session 2	<ul style="list-style-type: none"> (1) Proposal for the provision of endorsement and guarantee to subsidiary, "Pi Chiang Enterprise Co., Ltd." for loan application to the financial institution. 	<ul style="list-style-type: none"> (1) The resolution was passed by all the attending Directors unanimously. 	Nil
February 24, 2022; 2022 Session 3	<ul style="list-style-type: none"> (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. 	<ul style="list-style-type: none"> (1) The resolution was passed by all the attending Directors unanimously. 	Nil
March 15, 2022; 2022 Session 4	<ul style="list-style-type: none"> (1) Discussion on the company's "Evaluation of Internal Control System Effectiveness" and "Internal Control System Statement" for 2021. (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. (3) Proposal for 2021 annual employee compensation and Director remuneration and disbursement method. (4) Discussion on annual business report and financial statements for 2021. (5) Proposal for the independence assessment of certified public accountants for 2021. (6) Proposal for the amendment to partial articles of Articles of Incorporation. 	<ul style="list-style-type: none"> (1) The resolution was passed by all the attending Directors unanimously. (2) The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters. (3) The resolution was passed by all the attending Directors unanimously, and shall be reported to the Shareholders' Meeting this year. (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. (5) The resolution was passed by all the attending Directors unanimously. (6) The resolution was passed by all the attending Directors unanimously, and shall be submitted to the Shareholders' 	Nil

Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
		Meeting 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.	
	(15) Proposal for the subscription of the cash capital increase of subsidiary “Bo-Yuan Construction Corporation.”	(15) The resolution was passed by all the attending Directors unanimously.	
	(16) Proposal for the issuance of 2022 first secured ordinary company bond.	(16) The resolution was passed by all the attending Directors unanimously.	
	(17) Proposal for the application of guarantee limits for ordinary corporate bonds with financial institutions.	(17) The resolution was passed by all the attending Directors unanimously.	
	(18) Proposal for applying for the extension of credit facility from financial institutions.	(18) The resolution was passed by all the attending Directors unanimously.	
	(19) Proposal for the provision of endorsement and guarantee to subsidiary, “Well Rich International Co., Ltd.” for loan application to the financial institution.	(19) The resolution was passed by all the attending Directors unanimously.	
	(20) Proposal for the provision of endorsement and guarantee to subsidiary, “Well Rich International Co., Ltd.” for loan application to the financial institution.	(20) The resolution was passed by all the attending Directors unanimously.	

Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
	<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>(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.</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>(4) Proposal for the establishment of “Human Rights Policy and Workplace Code of Conduct”.</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> <p>(4) The resolution was passed by all the attending Directors unanimously.</p>	Nil
April 14, 2022; 2022 Session 6	<p>(1) Proposal for transferring the rights to a joint construction project for developing land in Hui Guo section, Xitun District, Taichung City.</p> <p>(2) Proposal for applying for credit facility limit 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.</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>	Nil
April 26, 2022; 2022 Session 7	<p>(1) Proposal for the provision of endorsement and guarantee to subsidiary, “Bo-Yuan Construction Corporation” for loan application to the financial institution.</p> <p>(2) Proposed to sign a contract with subsidiary “Bo-Yuan Construction Corporation.”</p> <p>(3) Proposed to sign a contract with subsidiary “Bo-Yuan Construction Corporation.”</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 the chairperson was authorized to follow-up on relevant matters.</p>	Nil
May 12, 2022; 2022 Session 8	<p>(1) Consolidated financial statements of the Company for 2022Q1.</p>	<p>(1) The resolution was passed by all the attending Directors unanimously.</p>	Nil

Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
	<p>(2) Purchase of liability insurance for Directors of the Company for 2022.</p> <p>(3) Proposal for the subscription of the cash capital increase of subsidiary “Pi Chiang Enterprise Co., Ltd..”</p> <p>(4) Proposal for the subscription of the cash capital increase of subsidiary “Shing Fu Fa Construction Co., Ltd..”</p> <p>(5) Proposal for the application for a mid-term working capital loan from a financial institution.</p> <p>(6) Proposal for applying for credit facility from financial institutions.</p> <p>(7) Proposal for 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 Directors unanimously.</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, and the chairperson was authorized to follow-up on relevant matters.</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, 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>	
May 24, 2022; 2022 Session 9	<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 Directors unanimously.</p>	Nil
June 21, 2022; 2022 Session 10	<p>(1) Proposal for establishing the base date of change of registration for the 2022Q2 fifth domestic convertible company bonds (Securities Number 25425) converting to common stock.</p> <p>(2) Proposal for changes in the joint construction contract with subsidiaries “Yeh Kee Enterprise Co., Ltd..” and “Pi Chiang Enterprise Co., Ltd..”</p> <p>(3) Proposal for applying for credit facility limit from financial institutions.</p> <p>(4) Proposal for the application for a mid-term working capital loan from a financial institution.</p> <p>(5) Proposal for the application for a mid-term working capital loan from a financial institution.</p> <p>(6) Proposal for applying for credit facility limit from financial institutions.</p> <p>(7) Proposal for applying for the extension of credit facility limit 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> <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>	Nil



Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
	<p>(8) Proposal for applying for credit facility limit from financial institutions.</p> <p>(9) Proposal for applying for credit facility limit from financial institutions.</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>(11) Proposal for continuing the provision of endorsement and guarantee to a subsidiary, “Well Rich International Co., Ltd.” for a loan requirement application to the financial institution.</p> <p>(12) Proposal for the provision of endorsement and guarantee to subsidiary, “Shing Fu Fa Construction Co., Ltd.” for a loan application to the financial institution.</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> <p>(11) The resolution was passed by all the attending Directors unanimously.</p> <p>(12) The resolution was passed by all the attending Directors unanimously.</p>	
August 11, 2022; 2022 Session 11	<p>(1) Consolidated financial statements of the Company for 2022Q2.</p> <p>(2) Proposal for the 2021 establishment of related matters of ex-dividend date of capital increase from the earnings, distributing cash dividend, and the adjustments to the payout rate.</p> <p>(3) Promotion of Managers of the Company.</p> <p>(4) Proposal for the application for a mid-term working capital loan from a financial institution.</p> <p>(5) Proposal for the establishment of the “Regulations for Cybersecurity Protection and Management.”</p> <p>(6) Proposal for the establishment of the “Procedures for Handling Material Inside Information.”</p> <p>(7) Proposal for the transfer of inventory on the record to fixed assets.</p> <p>(8) Proposal for the donation to the Taichung Highwealth Art and Culture Foundation.</p> <p>(9) Proposal for the application for a mid-term working capital loan from a financial institution.</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> <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) 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 as proposed.</p> <p>(9) The resolution was passed by all the attending Directors unanimously.</p>	Nil

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Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
	<p>(10) Proposal for the application for a mid-term working capital loan from a financial institution.</p> <p>(11) Proposal for applying for credit facility limit from financial institutions.</p> <p>(12) Proposal for applying for the extension of short-term credit facility limit and credit facility limit from financial institutions.</p>	<p>(10) The resolution was passed by all the attending Directors unanimously.</p> <p>(11) The resolution was passed by all the attending Directors unanimously.</p> <p>(12) The resolution was passed by all the attending Directors unanimously.</p>	
September 28, 2022; 2022 Session 12	<p>(1) Proposal for continuing the provision of endorsement and guarantee to a subsidiary, "Pi Chiang Enterprise Co., Ltd." for a loan application to the financial institution.</p> <p>(2) Proposal for the provision of endorsement and guarantee to subsidiary, "Shing Fu Fa Construction Co., Ltd." for a loan application to the financial institution.</p> <p>(3) 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 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>	Nil
October 24, 2022; 2022 Session 13	<p>(1) Proposal for the acquisition of the land reserved for the public infrastructure in New Taipei City.</p>	<p>(1) The resolution was passed by all the attending Directors unanimously.</p>	Nil
November 14, 2022; 2022 Session 14	<p>(1) Consolidated financial statements of the Company for 2022Q3.</p> <p>(2) Case of change: The independency of certified public accountants</p> <p>(3) Rearrangement of supervisor of corporate governance</p> <p>(4) Appointment of the Operation Supervisor.</p> <p>(5) Proposal for the transfer of part of the inventory to investment properties.</p> <p>(6) The company intended to sale the housing and parking space of the related construction project to related parties.</p> <p>(7) 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>(8) Proposal for continuing the provision of endorsement and</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> <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

Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
	<p>guarantee to subsidiary, “Well Rich International Co., Ltd.” for loan extension application to the financial institution.</p> <p>(9) 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>(10) 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>(11) Proposal for the provision of endorsement and guarantee to a subsidiary, “Bo-Yuan Construction Corporation,” for a loan application to the financial institution.</p> <p>(12) Proposal for the syndicated loans for urban renewal commissioned for “Kaohsiung Special Trade III of Key to Asia (northern base).”</p> <p>(13) Proposal for applying for credit facility from financial institutions to cater to working capital needs.</p> <p>(14) Proposal for the application for a loan limit extension from financial institutions.</p> <p>(15) Proposal for the application for a loan extension from financial institutions.</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> <p>(11) The resolution was passed by all the attending Directors unanimously.</p> <p>(12) The resolution was passed by all the attending Directors unanimously.</p> <p>(13) The resolution was passed by all the attending Directors unanimously.</p> <p>(14) The resolution was passed by all the attending Directors unanimously.</p> <p>(15) The resolution was passed by all the attending Directors unanimously.</p>	
December 15, 2022; 2022 Session 15	<p>(1) The audit plan of the Company for 2023.</p> <p>(2) Establishment of the general principles for the policy for non-assurance service approved in advance of the Company.</p> <p>(3) Proposal for the amendment to partial articles of the “Procedures for Handling Material Inside Information.”</p> <p>(4) Proposal for the subscription of the cash capital increase of subsidiary “Bo-Yuan Construction Corporation.”</p> <p>(5) Proposal for the subscription of the cash capital increase of subsidiary “Shing Fu Fa Construction Co., Ltd.”</p> <p>(6) Proposal for the subscription of the cash capital increase of subsidiary “Well Rich</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> <p>(6) The resolution was passed by all the attending Directors unanimously.</p>	Nil

Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
	<p>International Co., Ltd.”</p> <p>(7) Proposal for the subscription of the cash capital increase of subsidiary “Chu Feng Hotel Management Consultant Co., Ltd.”</p> <p>(8) 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>(9) Proposal for applying for credit facility from financial institutions to cater to working capital needs.</p> <p>(10) Proposal for applying for the extension of credit facility limit from financial institutions.</p> <p>(11) Proposal for applying for credit facility limit from financial institutions.</p> <p>(12) Proposal for applying for the extension of credit facility limit from financial institutions.</p> <p>(13) Proposal for the alteration in the conditions for the guarantee limit of ordinary corporate bonds.</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> <p>(11) The resolution was passed by all the attending Directors unanimously.</p> <p>(12) The resolution was passed by all the attending Directors unanimously.</p> <p>(13) The resolution was passed by all the attending Directors unanimously.</p>	
March 14, 2022; 2023 Session 1	<p>(1) Discussion on the Company’s “Evaluation of Internal Control System Effectiveness” and “Internal Control System Statement” for 2022.</p> <p>(2) Discussion on the Company’s 2022 annual employee compensation and the amount of directors’ remuneration and the method of issuance.</p> <p>(3) Discussion on annual business report and financial statements for 2022.</p> <p>(4) Proposal for the independence assessment of certified public accountants for 2022.</p> <p>(5) Proposal for the amendment to partial articles of Articles of Incorporation.</p> <p>(6) Amendments to partial articles of “Rules and Procedures of the Board of Directors Meetings.”</p> <p>(7) Proposal for the amendment to partial articles of the “Corporate Governance Best Practice</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 shall be reported to the Shareholders’ Meeting this year.</p> <p>(3) 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>(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> <p>(7) The resolution was passed by all the attending Directors unanimously.</p>	Nil

Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
	Principles.”		
	(8) Proposal for the amendment to partial articles of the “Rules Governing Financial and Business Matters Between the Company and its Affiliated Companies.”	(8) The resolution was passed by all the attending Directors unanimously.	
	(9) Proposal for the amendment to partial articles of the “Sustainable Operation Best Practice Principles.”	(9) The resolution was passed by all the attending Directors unanimously.	
	(10) Proposal for the amendment to partial articles of the “Standard Procedures of Handling Director’s Requests.”	(10) The resolution was passed by all the attending Directors unanimously.	
	(11) Re-election of all the Directors of the Company.	(11) The resolution was passed by all the attending Directors unanimously.	
	(12) Proposal for the Release on Prohibition of Newly Elected Directors and their Representatives Working in Competing Companies.	(12) The resolution was passed by all the attending Directors unanimously.	
	(13) Proposal for establishing matters related to convening of 2023 Shareholders’ Meeting.	(13) The resolution was passed by all the attending Directors unanimously.	
	(14) Proposal for the shareholder’s rights in submitting proposals for the 2023 Shareholders’ Meeting and relevant matters.	(14) The resolution was passed by all the attending Directors unanimously.	
	(15) Proposal for accepting the nomination of Director (including Independent Director) candidates proposed by shareholders with over 1% of the shareholding and relevant matters.	(15) The resolution was passed by all the attending Directors unanimously.	
	(16) Proposal for continuing the provision of endorsement and guarantee to a subsidiary, “Well Rich International Co., Ltd.” for a loan requirement application to the financial institution.	(16) The resolution was passed by all the attending Directors unanimously.	
	(17) Proposal for continuing the provision of endorsement and guarantee to subsidiary, “Bo-Yuan Construction Corporation” for loan application to the financial institution.	(17) The resolution was passed by all the attending Directors unanimously.	
	(18) Proposal for continuing the provision of endorsement and guarantee to subsidiary, “Bo-Yuan Construction Corporation” for loan application to the financial institution.	(18) The resolution was passed by all the attending Directors unanimously.	
	(19) Proposal for the continual provision of endorsement and	(19) The resolution was passed by all the attending Directors unanimously.	

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Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
	guarantee to a subsidiary, “Shing Fu Fa Construction Co., Ltd.” for a loan application to the financial institution. (20) Proposal for applying for credit facility limit from financial institutions. (21) Proposal for applying for the extension of credit facility limit from financial institutions. (22) Proposal for applying for credit facility limit from financial institutions. (23) Proposal for applying for credit facility limit from financial institutions. (24) Proposal for applying for the extension of credit facility limit from financial institutions.	(20) The resolution was passed by all the attending Directors unanimously. (21) The resolution was passed by all the attending Directors unanimously. (22) The resolution was passed by all the attending Directors unanimously. (23) The resolution was passed by all the attending Directors unanimously. (24) The resolution was passed by all the attending Directors unanimously.	
April 11, 2023; 2023 Session 2	(1) Proposal for earnings distribution of 2022. (2) 2022 Capital Increase from Retained Earnings and Issuance of New Stocks. (3) Proposal for the addition of discussions to the 2023 annual shareholders’ meeting. (4) Proposal for the application for a working capital loan from a financial institution. (5) Proposal for applying for credit facility limit from financial institutions.	(1) The resolution was passed by all the attending Directors unanimously, and shall be submitted to the Shareholders’ Meeting for discussion this year. (2) The resolution was passed by all the attending Directors unanimously, and shall be submitted to the Shareholders’ Meeting for discussion this year. (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.	

4. Important resolutions of Audit Committee for 2022 up until the date of publication of the annual report.

Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
January 17, 2022; 2022 Session 1	(1) Proposal for the subscription of the cash capital increase of subsidiary “Pi Chiang Enterprise Co., Ltd..”	(1) The resolution was passed by all the attending committee members unanimously.	Nil
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 committee members unanimously.	Nil
March 17, 2022; 2022 Session 3	(1) Discussion on the company’s “Evaluation of Internal Control System Effectiveness” and	(1) The resolution was passed by all the attending committee members unanimously.	Nil

Date/Session	Content of Meeting Minutes		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 and 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 the subscription of 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>(12) Proposal for the transfer of part of the inventory to investment properties.</p> <p>(13) Proposal for the sale of parking space(s) of related construction project to related party(ies).</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> <p>(12) The resolution was passed by all the attending committee members unanimously.</p> <p>(13) The resolution was passed by all the attending committee members unanimously.</p>	
April 06, 2022; 2022 Session 4	<p>(1) Proposal for earnings distribution of 2021.</p> <p>(2) Proposal for the distribution of new shares from 2021 earnings.</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>	Nil

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Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
April 14, 2022; 2022 Session 5	(1) Proposal for transferring the rights to a joint construction project for developing land in Hui Guo section, Xitun District, Taichung City.	(1) The resolution was passed by all the attending committee members unanimously.	Nil
April 26, 2022; 2022 Session 6	(1) Proposal for the provision of endorsement and guarantee to subsidiary, "Bo-Yuan Construction Corporation" for loan application to the financial institution. (2) Proposed to sign a contract with subsidiary "Bo-Yuan Construction Corporation." (3) Proposed to sign a contract with subsidiary "Bo-Yuan Construction Corporation."	(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 12, 2022; 2022 Session 7	(1) Consolidated financial statements of the Company for 2022Q1. (2) Purchase of liability insurance for Directors of the Company for 2022. (3) Proposal for the subscription of the cash capital increase of subsidiary "Pi Chiang Enterprise Co., Ltd." (4) Proposal for the subscription of the cash capital increase of subsidiary "Shing Fu Fa Construction Co., Ltd." (5) Proposal for 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. (5) The resolution was passed by all the attending committee members unanimously.	Nil
May 24, 2022; 2022 Session 8	(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 committee members unanimously.	Nil
June 21, 2022; 2022 Session 9	(1) Proposal for changes in the joint construction contract with subsidiaries "Yeh Kee Enterprise Co., Ltd." and "Pi Chiang Enterprise Co., Ltd." (2) Proposal for continuing the provision of endorsement and guarantee to subsidiary, "Bo-Yuan Construction Corporation" for loan application to the financial institution. (3) Proposal for continuing the provision of endorsement and	(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

Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
	<p>guarantee to a subsidiary, “Well Rich International Co., Ltd.” for a loan requirement application to the financial institution.</p> <p>(4) Proposal for the provision of endorsement and guarantee to subsidiary, “Shing Fu Fa Construction Co., Ltd.” for a loan application to the financial institution.</p>	<p>(4) The resolution was passed by all the attending committee members unanimously.</p>	
August 11, 2022; 2022 Session 10	<p>(1) Consolidated financial statements of the Company for 2022Q2.</p> <p>(2) Proposal for the establishment of the “Regulations for Cybersecurity Protection and Management.”</p> <p>(3) Proposal for the establishment of the “Procedures for Handling Material Inside Information.”</p> <p>(4) Proposal for the transfer of inventory on the record to fixed assets.</p> <p>(5) Proposal for the donation to the Taichung Highwealth Art and Culture Foundation.</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) Except for the Directors who recused themselves from the discussion and voting in accordance with the law, the remaining two committee members approved and passed the resolution as proposed.</p>	Nil
September 28, 2022; 2022 Session 11	<p>(1) Proposal for continuing the provision of endorsement and guarantee to a subsidiary, “Pi Chiang Enterprise Co., Ltd.” for a loan application to the financial institution.</p> <p>(2) Proposal for the provision of endorsement and guarantee to subsidiary, “Shing Fu Fa Construction Co., Ltd.” for a loan application to the financial institution.</p> <p>(3) 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>	Nil
November 14, 2022; 2022 Session 12	<p>(1) Consolidated financial statements of the Company for 2022Q3.</p> <p>(2) Case of change: The independency of certified public accountants</p> <p>(3) Proposal for the transfer of part of the inventory to investment properties.</p> <p>(4) The company intended to sale</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</p>	Nil

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Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
	<p>the housing and parking space of the related construction project to related parties.</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, “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, “Well Rich International Co., Ltd.” for loan extension 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 extension application to the financial institution.</p> <p>(9) Proposal for the provision of endorsement and guarantee to a subsidiary, “Bo-Yuan Construction Corporation,” for a loan application to the financial institution.</p>	<p>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>	
December 15, 2022; 2022 Session 13	<p>(1) The audit plan of the Company for 2023.</p> <p>(2) Establishment of the general principles for the policy for non-assurance service approved in advance of the Company.</p> <p>(3) Proposal for the amendment to partial articles of the “Procedures for Handling Material Inside Information.”</p> <p>(4) Proposal for the subscription of the cash capital increase of subsidiary “Bo-Yuan Construction Corporation.”</p> <p>(5) Proposal for the subscription of the cash capital increase of subsidiary “Shing Fu Fa Construction Co., Ltd..”</p> <p>(6) Proposal for the subscription of the cash capital increase of subsidiary “Well Rich International Co., Ltd..”</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) The resolution was passed by all the attending committee members unanimously.</p>	Nil

Date/Session	Content of Meeting Minutes		Special Items
	Brief summary of the motion	Implementation	
	<p>(7) Proposal for the subscription of the cash capital increase of subsidiary “Chu Feng Hotel Management Consultant Co., Ltd..”</p> <p>(8) 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>(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>	
March 14, 2023; 2023 Session 1	<p>(1) Discussion on annual business report and financial statements for 2022.</p> <p>(2) Proposal for the independence assessment of certified public accountants for 2022.</p> <p>(3) Discussion on the Company’s “Evaluation of Internal Control System Effectiveness” and “Internal Control System Statement” for 2022.</p> <p>(4) Proposal for the amendment to partial articles of Articles of Incorporation.</p> <p>(5) Proposal for continuing the provision of endorsement and guarantee to a subsidiary, “Well Rich International Co., Ltd.” for a loan requirement 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 application to the financial institution.</p> <p>(7) Proposal for continuing the provision of endorsement and guarantee to subsidiary, “Bo-Yuan Construction Corporation” for loan application to the financial institution.</p> <p>(8) Proposal for the continual provision of endorsement and guarantee to a subsidiary, “Shing Fu Fa Construction Co., Ltd.” for a 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) 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>	Nil
April 11, 2023; 2023 Session 2	<p>(1) Proposal for earnings distribution of 2022.</p> <p>(2) 2022 Capital Increase from Retained Earnings and Issuance of New Stocks.</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>	Nil

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- (12) 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.
- (13) In most recent year and as of the end of this annual report is printed out, the resignation summary of the company's chairman, president, accounting, financial, internal audit, management officers and R&D executives:

Position	Name	Service Date	Dismissed Date	Resignation or Dismissed Reason
Supervisor of Corporate Governance	Lin Wenlong	2019.08.13	2022.12.01	Resigned

V. Audit fees

Unit: NT\$ thousand

Accounting firm name	Accountant name	Period Covered by the Audit	Audit Fees	Non-audit Fees	Total	Remarks
KPMG Taiwan	Han Yilien Judy Chien	2022.01-2022.09	3,750	245	3,995	Note:1
	Han Yilien Tim Tzang	2022.01-2022.12				

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



VI. Accountant Replacement Information:

(1) Regarding the former certified public accountant

Date of the replacement	Approved by the Board of Directors on November 14, 2022		
Reason for replacement and Description	To cope with the internal rotation of the KPMG, the CPAs of the Company will change to Han Yilien and Tim Tzang from Han Yilien and Judy Chien starting from issuing of the Financial Statement in the 2022 Fourth Quarter.		
State whether the appointment is terminated or rejected by the consignor or CPAs	Condition	Party	Consignor
	Appointment terminated automatically		Not applicable.
	Appointment rejected (Discontinued)		Not applicable.
The Opinions other than unmodified Opinion issued in the last two years and the reasons for the said opinions	Not applicable.		
Is there any disagreement in opinion with the issuer	Yes	–	Accounting principle or practice
		–	disclosure of financial statements
		–	auditing scope or procedures
		–	Others
	Nil	✓	
Explanation:	Not applicable.		
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	Nil		

(2) Regarding the successor certified public accountant

Name of the firm	KPMG Taiwan
Accountant name	Han Yilien and Tim Tzang
Date of Engagement	Approved by the Board of Directors on November 14, 2022
Prior to the Formal Engagement, Any inquiry or consultation on the accounting treatment or accounting principles for specific transactions, and the type of audit opinion that might be rendered on the financial report.	Not applicable.
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinion	Not applicable.

(3) Response letter of the former CPAs regarding matters stated in item 1 and point 3, item 2, subparagraph 6, Article 10 of the Regulations: Not applicable.

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:

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

Unit: Share

Position	Name	2022		As of April 15, 2023	
		Number of shares held Increase (minus)	Pledged shares Increase (minus)	Number of shares held Increase (minus)	Pledged shares Increase (minus)
Juristic Person Director	Run Ying Investment Co., Ltd.	2,822,013	—	—	—
Chairman	Cao Yuanbo	—	—	—	—
Director holding concurrent position as President	Fan Huajun	22	—	—	—
Director	Zheng Qintian	2,973,934	—	—	—
Director	Zheng Xiuhui	898,125	—	—	—
Independent Director	Hong Xiyao	—	—	—	—
Independent Director	Li Wencheng	—	—	—	—
Independent Director	Chen Tachun	2,203	—	—	—
Development Department Vice President	Liao Zhaoxiong	17,328	—	—	—
Finance Department Vice President	Wang Suyue	36,936	—	—	—
Sales Department Vice President (Note 1)	Chen Qiuwei	3,482	—	—	—
Accounting Department Associate Manager	Li Xiutai	—	—	—	—
Assistant Vice President of Planning Department	Liao Lien-Hui	—	—	—	—
Manager of Administration Department and concurrently the Chief of Information Safety (Note 2)	Chen Chun-Yan	4,868	—	—	—
Assistant Vice President of Planning Department, Kaohsiung Branch Office	Song Guozong	4,006	—	—	—
Kaohsiung Branch Finance Department Manager	Chen Qiulan	6,107	—	—	—
Supervisor of Corporate Governance (Note 3)	Lin Wenlong	—	—	—	—
Manager of Finance Department and concurrently the Operation Supervisor (Note 4)	Chang Mingwen	—	—	—	—

Note 1: Promoted to Vice President on August 12, 2022.

Note 2: Held concurrent position as the Chief of Information Security on August 11, 2022.

Note 3: Discharged on December 1, 2022.

Note 4: Held concurrent position as the Operation Supervisor on December 1, 2022.

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

(3) 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 15, 2023 Unit: Shares; %

Name (Note 1)	Personal Holding Share		Shares held by Spouse & 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	Holding shares ratio (Note 2)	Shares	Holding shares ratio (Note 2)	Shares	Holding shares ratio (Note 2)	Name (or Name)	Relation	
Xing Ri-sheng Investment Co., Ltd. Representative: Zheng Xiuhui	108,860,296	6.35%	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	103,498,786	6.04%	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	Nil
Qingshiban Investment Co., Ltd. Juristic-person representative: LOTUS (Mauritius) GLOBAL INVESTMENTS LTD: Zheng Junfang	75,006,432	4.37%	0	0%	0	0%	Zheng Qintian Zheng Xiuhui Xie Shuying Zheng Yousheng Cai Congbin	Father & Child Mother & Child Second Degree Kinship Second Degree Kinship Second Degree Kinship	Nil
Da-Li Investment Co., Ltd Representative: Tsai Tsungpin	64,232,334	3.75%	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

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Name (Note 1)	Personal Holding Share		Shares held by Spouse & 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	Holding shares ratio (Note 2)	Shares	Holding shares ratio (Note 2)	Shares	Holding shares ratio (Note 2)	Name (or Name)	Relation	
Yuanta/P-shares Taiwan Dividend Plus ETF Deposit account	61,930,461	3.61%	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	Nil
Wu Chaohong	53,686,015	3.13%	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	Nil
Wan Shengfa Investment Co., Ltd Representative: Zheng Yousheng	51,343,099	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	43,950,814	2.56%	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4	Nil
Lishuo Investment (Stock) Company Representative: Xie Shuying	35,390,992	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 Second Degree Kinship	Nil
Zheng Qintian	32,249,659	1.88%	9,864,788	0.58%	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, 2023 Unit: Shares; %

Re-investment business	Investment by the company		Directors, managers and investments directly or indirectly controlling the business		Comprehensive Investment	
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage
Ju Feng Hotel Management Consultant Co., Ltd.	2,500,000	100%	0	0%	2,500,000	100%
Highwealth Real Estate	700,000	100%	0	0%	700,000	100%
Chyi Yuh Construction Co., Ltd.	388,500,000	100%	0	0%	388,500,000	100%
Run Long Construction Co., Ltd.	27,289,288	6.05%	52,269,858	11.58%	79,559,146	17.63%
Jin Jyun Construction Co., Ltd.	0	0%	70,000,000	100%	70,000,000	100%
Hundred Million Mark Enterprise Co., Ltd.	2,200,000	100%	0	0%	2,200,000	100%
Pi Chiang Enterprise Co., Ltd.	150,720,000	100%	0	0%	150,720,000	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	26,500,000	100%	0	0%	26,500,000	100%
Bo-Yuan Construction Corporation	122,900,000	100%	0	0%	122,900,000	100%
Guangyang Investment Co., Ltd	0	0%	29,900,000	100%	29,900,000	100%
Well Rich International Co., Ltd.	18,100,000	100%	0	0%	18,100,000	100%

Four. Capital Overview

I. Capital and Shares

(1) Source of Share Capital

1. Types of stocks:

Share Type	Authorized Shares			Remarks
	Issued Shares	Un-issued Shares	Total	
Common Stock	1,714,674,173 shares	285,325,827 shares	2,000,000,000	Listed company stock

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

April 15, 2023 Unit: Shares ; NT\$

Year and Month	Par value	Authorized Shares		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Share Capital	Non-cash Capital Increase	Others
2012/04	10	1,000,000,000	10,000,000,000	732,161,027	7,321,610,270	CB conversion 41,442,490 (Note 1)	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 1)	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 2)	Nil	Nil
2014/09	10	1,500,000,000	15,000,000,000	897,405,110	8,974,051,100	Earnings NT\$2,991,350,370 (Note 3)	Nil	Nil
2015/09	10	1,500,000,000	15,000,000,000	1,166,626,643	11,666,266,430	Earnings NT\$2,692,215,330 (Note 4)	Nil	Nil
2019/04	10	1,500,000,000	15,000,000,000	1,166,628,752	11,666,287,520	CB conversion NT\$21,090 (Note 5)	Nil	Nil
October 2020	10	2,000,000,000	20,000,000,000	1,283,291,627	12,832,916,270	Earnings NT\$1,166,628,750 (Note 6)	Nil	Nil
April 2021	10	2,000,000,000	20,000,000,000	1,290,963,617	12,909,636,170	CB conversion NT\$76,719,700 (Note 7)	Nil	Nil
October 2021	10	2,000,000,000	20,000,000,000	1,307,931,580	13,079,315,800	CB conversion NT\$169,679,630 (Note 8)	Nil	Nil
January 2022	10	2,000,000,000	20,000,000,000	1,390,137,502	13,901,375,020	CB conversion NT\$822,059,220 (Note 9)	Nil	Nil
April 2022	10	2,000,000,000	20,000,000,000	1,462,290,484	14,622,904,840	CB conversion NT\$721,529,820 (Note 10)	Nil	Nil
July 2022	10	2,000,000,000	20,000,000,000	1,560,385,031	15,603,850,310	CB conversion NT\$980,945,470 (Note 11)	Nil	Nil
October 2022	10	2,000,000,000	20,000,000,000	1,714,674,173	17,146,741,730	Earnings NT\$1,542,891,420 (Note 2)	Nil	Nil

Note 1: Approved by FSC on April 9, 2008 (ref. FSC document No. 0970011133).
Approved by FSC on April 16, 2009 (ref. FSC document No. 0980014192).
Note 2: Approved by FSC on July 23, 2012 (ref. FSC document No. 1010031538).
Note 3: Approved by business letter on August 5, 2014 (ref. FSC D&I Center No. 1030029588).
Note 4: Approved by business letter on September 3, 2015 (ref. FSC D&I Center No. 1040036020).
Note 5: Approved by business letter on May 22, 2017 (ref. FSC D&I Center No. 1060016434).
Note 6: Approved by FSC on October 16, 2020 (ref. Business letter No. 10901193320).
Note 7: Approved by FSC on April 19, 2021 (ref. Business letter No. 11001058250).
Note 8: Approved by FSC on October 6, 2021 (ref. Business letter No. 11001182980).
Note 9: Approved by FSC on January 3, 2022 (ref. Business letter No. 11001243640).
Note 10: Approved by FSC on April 11, 2022 (ref. Business letter No. 11101051800).
Note 11: Approved by FSC on July 14, 2022 (ref. Business letter No. 1110118730).
Note 12: Approved by FSC on October 14, 2022 (ref. Business letter No. 11101195240).

3. Summary reporting system related information: Nil.

(2) Status of Shareholders

April 15, 2023

Item \ Type	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions or Persons	Individual	Total
Employees	6	13	368	313	112,071	112,771
Shares held	7,088,808	74,179,954	647,086,211	149,624,778	836,694,422	1,714,674,173
Shareholding Percentage	0.41%	4.33%	37.74%	8.72%	48.80%	100.00%

(3) Shareholding Distribution Status

1. Common shares distribution:

Common Stock

April 15, 2023

Shareholding Tiers (Unit: Share)	Number of Shareholders	Shares held	Shareholding Percentage
1~999	21,200	5,521,354	0.32%
1,000~5,000	63,295	134,379,134	7.84%
5,001~10,000	12,805	89,762,241	5.24%
10,001~15,000	6,122	73,245,613	4.27%
15,001~20,000	2,376	41,213,447	2.40%
20,001~30,000	2,667	64,355,631	3.75%
30,001~40,000	1,224	42,335,001	2.47%
40,001~50,000	744	33,425,937	1.95%
50,001~100,000	1,367	93,046,253	5.43%
100,001~200,000	603	79,741,921	4.65%
200,001~400,000	209	56,550,167	3.30%
400,001~600,000	55	26,902,728	1.57%
600,001~800,000	21	14,669,576	0.86%
800,001~1,000,000	12	10,903,993	0.63%
≥ 1,000,001	71	948,621,177	55.32%
Total	112,771	1,714,674,173	100.00%

2. Preferred shares distribution: Nil.

(4) List of major shareholders

Name	Shares	Shares held (April 15, 2023)	Shareholding Percentage (April 15, 2023)
Xing Ri-sheng Investment Co., Ltd.		108,860,296	6.35%
Era Winner Investment Co., Ltd		103,498,786	6.04%
Ching Shi Investment Co., Ltd.		75,006,432	4.37%
Da-Li Investment Co., Ltd		64,232,334	3.75%
Yuanta/P-shares Taiwan Dividend Plus ETF Deposit account		61,930,461	3.61%
Wu Chaohong		53,686,015	3.13%
Wan Shengfa Investment Co., Ltd		51,343,099	2.99%
Chang Gung Medical Foundation		43,950,814	2.56%
Lishuo Investment (Stock) Company		35,390,992	2.06%
Zheng Qintian		32,249,659	1.88%

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

Unit: NT\$; %

Item	YEAR		2021	2022	Current year as of March 31, 2023
	marker	Highest		49.80	50.90
price per share	Lowest		40.40	37.80	40.00
	Average		45.20	45.16	41.24
Net worth per share	Before distribution		30.31	26.82	Note 5
	After distribution		23.12	Note 4	—
Earnings per share	Weighted average amount of shares		1,268,341 thousand shares	1,636,197 thousand shares	Note 5
	Earnings per share	Before Retrospectively Adjustment	6.45	2.29	Note 5
		After Retrospectively Adjustment	5.77	Note 4	
Dividends per share (NT dollars)	Cash dividends		4.01	Note 4	—
	Issuance of bonus share	Earnings dividend	1.00	Note 4	—
		Capital reserve dividend	—	—	—
	Accrued dividend		—	—	—
Profitability	Price-to-Earning Ratio (times) (Note 1)		7.01	19.72	—
	Price-to-Dividend Ratio (Note 2)		10.87	Note 4	—
	Cash dividend yield (Note 3)		9.2	Note 4	—

Note 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 2023 has not been produced.

(6) 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 2022 profits was approved at the Board of Directors meeting on April 11, 2023 by resolution. A cash dividend of NT\$0.5 (NT\$500 per thousand shares) and a share dividend of NT\$1 (100 shares per thousand share) was proposed and will be discussed at the Annual Shareholders' Meeting on June 13, 2023. The proportion of cash and stock dividends amounts to 33% and 67%, respectively, complying with the requirements under Article 29-1 of the Articles of Incorporation.

3. Significant changes to dividend policy: Nil.

(7) 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	2023 (estimation)
Paid-in capital at the beginning		17,146,741
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)	
Changes to operating performances	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	If all the retained earnings transferred to	Proforma earnings per share (NT dollars)

Item		YEAR	2023 (estimation)
share and price-earnings ratio	capital increase were distributed by cash dividend	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 2023; therefore, this item is not applicable.

(8) 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\$38 million for employees and a remuneration of NT\$8 million for Directors were approved at the Board of Directors meeting by resolution on March 14, 2023. If there is a discrepancy between the estimate and the actual amount

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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 14, 2023, 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	2021		
	Actual distribution	Distribution recognized	Diff.
Employee cash bonus	NT\$ 60,000 thousand	NT\$ 60,000 thousand	0
Employee stock bonus	0	0	0
Directors' Remuneration	NT\$ 11,000 thousand	NT\$ 11,000 thousand	0

- (9) Buyback of Treasury Stock: None.

II. Corporate Bonds

(1) Status of Outstanding Corporate Bonds

April 15, 2023

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
Per Share	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	Taipei Fubon Bank Co., Ltd	Land Bank of Taiwan Co., Ltd.	Taipei Fubon 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	Judy Chien, Tim Tzang, CPA	Han Yilien and Judy Chien	Han Yilien and Judy Chien	Han Yilien and Judy Chien
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	None	Nil	Nil	None
Credit rating agency, assessment date and results	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Secondary rights	Amount of conversion (exchange or subscriptions) to ordinary shares, oversea	Not applicable.	Not applicable.	Not applicable.

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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 15, 2023

Type of Corporate Bonds	2021 second secured ordinary corporate bonds (Code: B86408; Abbreviation: P10Highwealth2)	2021 third secured ordinary corporate bonds (Code: B86409; Abbreviation: P10Highwealth3)	2022 first secured ordinary corporate bonds (Code: B86410; Abbreviation: P11Highwealth1)
Date of issuance	January 14, 2021	September 15, 2021	April 18, 2022
Per Share	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
Trustee	Taipei Fubon 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 Yilien and Judy Chien	Han Yilien and Judy Chien	Han Yilien and Judy Chien
Repayment method	Bullet repayment at maturity date	Bullet repayment at maturity date	Bullet repayment at maturity date

Type of Corporate Bonds	2021 second secured ordinary corporate bonds (Code: B86408; Abbreviation: P10Highwealth2)	2021 third secured ordinary corporate bonds (Code: B86409; Abbreviation: P10Highwealth3)	2022 first secured ordinary corporate bonds (Code: B86410; Abbreviation: P11Highwealth1)	
	at the end of 5-year period	at the end of 5-year period	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	None	Nil	None	
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.	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	Please see the prospectus of 2022 first 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.	

(2) Information on Corporate Bonds Maturing Within 1 Year:

Type of Corporate Bonds	2018 first secured ordinary corporate bonds (CUSIP: B86404; Code name: P07 Highwealth1)	2021 second secured ordinary corporate bonds (CUSIP: B86408; Code name: P10 Highwealth2)
Date of issuance	May 28, 2018	January 14, 2021
Per Share	NT\$ 1 million	NT\$ 1 million
Place of issuance and transaction	Not applicable.	Not applicable.
Issuing price	At face value	At face value
Total amount	NT\$ 2.5 billion in total	NT\$ 2 billion in total
Interest rate	Coupon rate: fixed rate at 0.9% per annum	Coupon rate: fixed rate at 0.50% per annum
Duration	Five years, Maturity Date: May 28, 2023	Three years Maturity Date: January 14, 2024
Assurance agency	Land Bank of Taiwan Co., Ltd.	Taiwan Cooperative Bank Co., Ltd.
Trustee	Taipei Fubon Bank Co., Ltd	Taipei Fubon Bank Co., Ltd
Underwriting institution	Land Bank of Taiwan Co., Ltd.	Taiwan Cooperative Securities Co., Ltd.
Certifying attorney	Chung-Chieh Yu (attorney)	Chung-Chieh Yu (attorney)
CPA	Judy Chien, Tim Tzang, CPA	Han Yilien and Judy Chien
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
Outstanding principal amount	NT\$ 2.5 billion	NT\$ 2 billion
Terms of redemption or early repayment	Not applicable.	Not applicable.
Restrictions	None	None
Credit rating agency, assessment date and results	Not applicable.	Not applicable.
Secondary rights	Amount of conversion (exchange or subscriptions) to ordinary shares, oversea depositary receipts, or other securities	Not applicable.
	Issuing and conversion (or exchange or subscription) method	Please see the prospectus of the second secured ordinary corporate bonds for 2021
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 the first secured ordinary corporate bonds for 2020 of the Company	Please see the prospectus of the second secured ordinary corporate bonds for 2021

Type of Corporate Bonds	2018 first secured ordinary corporate bonds (CUSIP: B86404; Code name: P07 Highwealth1)	2021 second secured ordinary corporate bonds (CUSIP: B86408; Code name: P10 Highwealth2)
Custodian of the target(s) of conversion	Not applicable.	Not applicable.

(3) Status of Outstanding Convertible Corporate Bonds: None.

(4) Convertible Corporate Bond: None.

(5) Exchangeable bond: Nil.

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

(7) Corporate bonds with warrants: Nil.

III. Preferred Shares: Nil.

IV. Overseas Depository Receipts: Nil.

V. Employee Stock Options : Nil.

VI. Restricted Awards: None.

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

VIII. Financial Plans and Implementation:

(1) 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.

(2) 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.

To repay bank borrowings, on April 18, 2022, the Company issued 2022 first secured ordinary corporate bonds with a par value of NT\$2 billion. The fund raising had been completed, and the bank loan was repaid in full in the second quarter. The benefit has begun to show.

Five. Operational Highlights

I. Business Activities

(1) 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) H701010 Housing and Building Development and Rental
- (2) H701020 Industrial Factory Development and Rental
- (3) H701040 Specific Area Development
- (4) H701050 Investment, Development and Construction in Public Construction
- (5) H701060 New Towns, New Community Development
- (6) H701020 Industrial Factory Development and Rental
- (7) H701080 Urban Renewal Reconstruction
- (8) J901020 Hotels and Motels
- (9) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Weighting of business activities:

Units: NT\$ '000; %

YEAR Activities	2021		2022	
	Amount	Weight (%)	Amount	Weight (%)
Construction	43,935,003	99.22	26,314,285	98.82
Construction	268,364	0.60	132,302	0.50
Departmental stores:	78,698	0.18	180,646	0.68
Total	44,282,065	100.00	26,627,233	100.00

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

(a) Existing products and services

Apartment buildings: Apartments, suites, and parking spaces.

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

(b) New products and services in development

The Company will continue to 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, hotel and so on. We expect that the revenue can have a breach through diversity management.

(2) Industry Overview

1. Industry status and overview

In 2022, the global end demand was suppressed by inflation and interest rate increases, and the foreign demand materially dropped due to the effects of the deterioration of the outbreak in Mainland China on consumption and production activities. Even though domestic consumption slowly recovered due to the slowdown of COVID-19's outbreak in Taiwan and the release of pandemic control measures in the fourth quarter of 2022, the economic growth rate reduced from 2021 to 2.45% in 2022.

In 2022, central banks of different countries have been making upward adjustments to their interest rate to respond to the effects of inflation. After the Central Bank initiated the first interest rate increase cycle, the interest rate increased for five consecutive quarters with a total of five times of interest rate increases, and the interest rate reached 1.875% at present. Furthermore, the amendments to “The Equalization of Land Rights Act” and the “Real Estate Broking Management Act” made by the Ministry of the Interior also affected the house acquisition requirements of citizens and the overall real estate industry.

In 2022, the domestic house acquisition demand was stable, and the house prices in the seven major urban zones majorly continued to increase. In particular, apart from benefitting from the investments of TSMC, “the magic mountain that protects Taiwan,” in Kaohsiung for plant establishment, the housing market in Tainan was feverish, and the establishment of various infrastructure and transportation continued to drive the development of house prices in Southern Taiwan. The market is supported by many factors, such as the continued growth of exports, overall economic support, interest rates being at a relatively low level, rising wages and building materials and other construction costs, and land costs; therefore, housing prices are still going up rather than down. In North Taiwan, the real estate market is mature and stable, while the central and southern areas have advantages in population and industrial migration, so housing prices in the central area will continue to rise.

To assist Taiwanese businesses to smoothly return to Taiwan for investments, under the “Welcome Taiwanese Companies Abroad to Invest in Taiwan Action Plan” promoted by the Executive Yuan, the total investment amount has exceeded NT\$2.356 trillion, and over 144,000 employment opportunities were created. The Executive Yuan has also extended the plan to 2024, which is estimated to bring about relevant investments of NT\$900 billion and create 40,000 employment opportunities, with a total investment amount achieving NT\$2.4 trillion. The investments in relevant supply chains and economic growth brought by the repatriation of Taiwanese businesses and industry development will give rise to a certain demand for commercial real estate and residential products.

According to the statistics, the number of launched households increased by

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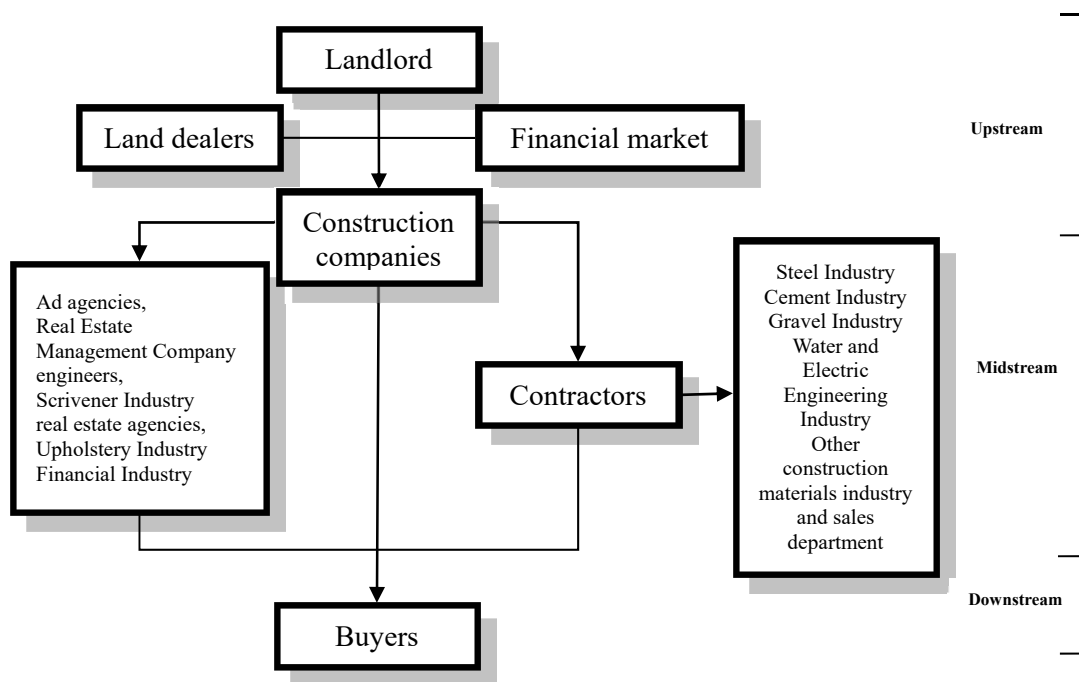
approximately 10% from 2021 to 2022, and the number of new houses sold reached 130,922 buildings, representing an increase of 5,143 buildings from 2021, setting a new high in recent years, which shows that the rigid demand and the property acquisition group remain stable. Even though the overall house acquisition transactions were not as much as in 2021, the industry remained steady and is developing healthily. For land transaction amount in 2022, after the constant new high reached in the land transaction amount, the annual growth rate of land transactions decreased by 41% from 2021, primarily related to the adoption of co-building, urban renewal by governmental agencies, and a more cautious attitude toward transactions.

Looking forward, in 2023, due to the continuation of the international financial crisis and the Russia-Ukraine war, domestic inflation and varying recovery degrees for different industries, the Directorate General of Budget, Accounting and Statistics (DGBAS) forecast that the economic growth for 2023 will be approximately 2.12% and that the economic growth rate may reach a new low in recent years. On March 23, 2023, the Central Bank continued the rate hike cycle and announced an increase in interest rate by 0.125 percentage points. The rediscount rate, rate on accommodations with collateral and rate on accommodations without collateral were increased by 0.125 percentage points each, from 1.75%, 2.125%, and 4% to 1.875%, 2.25%, and 4.125%, respectively. Furthermore, with the continuation of policy in suppressing housing prices by the government, it is estimated that housing prices in some of the overheated areas and the number of housing sales units shall see a fall. However, due to the overall industry environment whereby land, raw material and labor costs are all on the rise, it is estimated that housing prices in major cities will remain relatively stable.

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

- (a) Due to regulations on real estate transaction and limited land supply, instead of outright transfer of land ownership or joint construction with landowners, the Company will diversify its land development opportunities through superficies acquisition, urban renewal projects, real estate investment trust, commissioning, and strategic alliances with competitors.
- (b) Because of the varied demands in regional housing and office space, the government's fight against urban-rural gap through urban planning and transportation infrastructure, and the scarcity and the high price of real estate in Taipei City, the industry has been moving towards a multi-regional approach to diversify risks and adopting unique marketing strategies to tailor to regional developmental needs. The Company will continue to develop high-end residential buildings throughout the northern, central, and southern regions of Taiwan, and general residential buildings with easy traffic connections will be developed to meet the needs of urbanization. In addition, we will examine the profitability of the development, operation, lease, and sales of smart office buildings.

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- (c) Diversification, sophistication, and humanization are the three major trends in the market. Apart from the traditional residential buildings, commercial buildings, office spaces, leisure housing, senior citizen housing, green housing, and high-tech smart housing are here to satisfy every customer's needs. As the average income continues to rise, home buyers are focusing less on practicality and safety and more on the living environment, life function, exterior/interior design, and the quality of buildings materials and equipment. Thus, brand awareness and customer satisfaction have become essential indices of competitiveness. The Company will work towards further diversification, humanization, and sophistication in future product development.
- (d) Upon the end of the overall pandemic, according to the "Trends of International Tourists Visiting Taiwan in 2023," a survey report by Xinmedia, over 50% of the interviewees plan to visit Taiwan for travel in two years. Meanwhile, the Company estimates to launch Jinshan Hyatt Regency in cooperation with an international hotel group in 2023, together with the Aloft Tainan Anping launched in 2022, jointly welcoming the season for tourism.

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, Keelung, 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.

(3) 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 and has formally commenced its operation in 2022. The development progress of various hotels under the Group is as follows:

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Hotel	International hotel brand	Number of rooms	Progress
Aloft Tainan Anping (Aloft Tainan Anping)	Aloft Hotels	115	Formally commenced operations in 2022
Jinshan Hyatt Regency Hot Spring Hotel	Hyatt Hotels Corporation	211(estimated)	Completion by the end of 2023 (estimated)
Kaohsiung Hyatt Regency	Hyatt Hotels Corporation	173(estimated)	Completion by the end of 2024 (estimated)

(4) 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:

The Company continued to focus on high-rise multi-purpose residential buildings and office buildings for its operation. These buildings are situated in major metropolitan areas, including Taipei, New Taipei, Keelung 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 2022, please see the table below:

Top 10 Listed Construction Companies in Terms of Operating Revenue in 2022

Rank	Stock Code:	Name of the Company	Operating revenue (NT\$ 100 million)
1	3703	Continental Holdings	321
2	2542	Highwealth	266
3	5522	Farglory Group	266
4	2597	Ruentex Group	246
5	2520	Kingdom Construction	215
6	2504	Goldsun Building Materials Co., Ltd	213
7	2535	DACIN Construction	172
8	2501	Guo-Jian	168
9	2515	BES Engineering Corporation	151
10	2548	Huaku Development Co., Ltd.	149

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 statistics of Cushman & Wakefield, the transaction volume of the land market in 2022 reached NT\$171.8 billion, representing a decrease of 41% from NT\$289.3 billion in 2021. In particular, the transaction volume of commercial land recorded a significant drop to NT\$23.3 billion, merely reaching 20% of 2021. Apart from the concern of decreases due to future economic development, the statistics showed that builders engaged in transactions with more cautious and less chase and adopted strategies of urban renewal by governmental agencies of co-building with landlords.

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. According to the Monthly Report of the Construction and Planning Agency, Ministry of the Interior, the number of residential building construction permits (excluding farmhouses) issued in 2022 was 179,958, increased by 6.1% from 169,651 in 2021, continuing to create a new high for the past 30 years. In particular, the number of residential building construction permits (excluding farmhouses) issued for the six major cities plus Hsinchu City and County accounted for 82%, representing a growth from 2021, showing that the building development projects are more concentrated in major cities, and there will be a stable supply of newly built houses in the future. The number of residential building use permits (excluding farmhouses) issued in 2022 was 111,411, increased by 6.9% from 104,149 in 2021; due to the gaps between development schedules, the large number of construction permits issued in 2021 and 2022 have not been reflected in the data on use permit.

In 2022, with central banks worldwide having changed their monetary policies and increased interest rates, the housing market experienced an overturn from the environment of abundant capital and low-interest rate. Even though the economic development remained uncertain, according to the statistics of the Central Bank, the balance of building loans in February 2023 maintained a growing momentum and increased to NT\$3.14 trillion, with an annual growth rate of 9.93%; even though the year-on-year annual growth rate slowed down as compared to 13.59% in 2021, it continued to reach new high, representing that builders continue to launch households. Furthermore, the construction permits issued in 2022 for major cities continued to increase; it is estimated that the houses built will be released after 2022, one after another, giving rise to the increase in the potential supply in the housing market.

Table shows the Housing Construction Permit and Housing User Permit issuedUnit: Number of households, Total floor area(m²)

Area	Item	Housing Construction Permit				Housing User License			
		2022 January-Dec ember	2021 January-Dece mber	Compared to the same period in the previous year		2022 January-Dec ember	2021 January-Dec ember	Compared to the same period in the previous year	
				(%)	Rank			(%)	Rank
Taipei City	Number of approved households	10,666	11,304	-5.64%	7	6,132	4,544	34.95%	3
	Total Floor Area	1,417,522	1,548,924	-8.48%	7	888,440	684,310	29.83%	2
New Taipei City	Number of approved households	29,606	23,916	23.79%	1	16,518	18,224	-9.36%	5
	Total Floor Area	3,611,837	3,343,021	8.04%	2	2,152,212	2,380,311	-9.58%	5
Taoyuan City	Number of approved households	26,702	23,316	14.52%	2	16,864	153,14	10.12%	4
	Total Floor Area	3,807,191	3,370,089	12.97%	1	2,447,757	2,138,696	14.45%	4
Hsinchu City and County	Number of approved households	8,946	8,633	3.63%	5	6,843	7,780	-12.04%	6
	Total Floor Area	1,460,576	1,362,575	7.19%	3	1,065,331	1,187,588	-10.29%	6
Taichung City	Number of approved households	33,647	32,484	3.58%	6	21,933	15,738	39.36%	2
	Total Floor Area	5,100,552	5,215,221	-2.20%	6	3,308,236	2,569,592	28.75%	3
Tainan City	Number of approved households	19,888	18,564	7.13%	3	8,572	12,965	-33.88%	7
	Total Floor Area	2,824,111	2,646,124	6.73%	4	1,363,315	1,926,360	-29.23%	7
Kaohsiung	Number of approved households	18,989	18,018	5.39%	4	15,076	10,227	47.41%	1
	Total Floor Area	2,378,883	2,401,666	-0.95%	5	2,149,155	1,412,783	52.12%	1

Source: Construction and Planning Agency, Ministry of the Interior

c. Property roll-out

According to the data of the “Cathay Real Estate Index,” the Number of launched households nationwide in 2022 was 88,689 in aggregate, and the total amount of launched households was NT\$16.002 billion, representing an increase from 2021. As of the fourth quarter of 2022, when further observing the performance in different regions, the housing market in Taipei City focused on urban renewal and old and obsolete buildings after the pandemic was under control due to the lack of lands and the continual policies adopted by the City Government, and the number of launched households and amount recorded a year-on-year decrease of 7.17% and increase of 1.23%, respectively, from 2021, with the price of major products maintaining at NT\$1 million per ping or above; there are frequent transactions in the housing market, and the price increased with volume decreased. For New Taipei City, the number of launched households and amount recorded a year-on-year increase of 12.89% and 12.58%, respectively, due to the continual launches of households in the urban readjustment areas, with the price of major products

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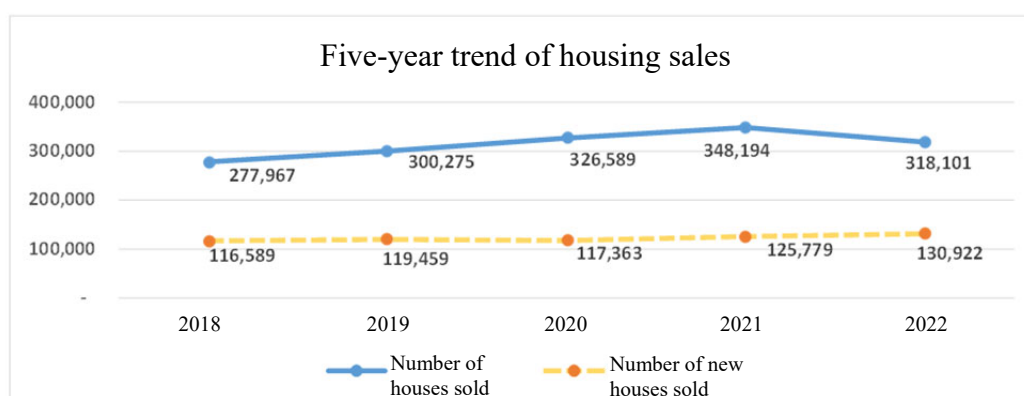
maintaining at NT\$0.5 million per ping or above; there are frequent transactions in the housing market, and the price increased with the volume remained unchanged. For Taoyuan City, the number of launched households and amount recorded an increase of 3.28% and 25.03%, respectively, from 2021 due to the continual stable growth of the housing market resulting from the move-in of population and the availability of MRT and public constructions; however, the numbers recorded in the fourth quarter has decreased by 54.96% and 48.06%, respectively, from the third quarter, showing a trend of drop in both price and volume, with the price of major products maintaining at NT\$0.35 million per ping or above. For Hsinchu City and County, the number of launched households and amount recorded a decrease of 8.58% and an increase of 25.31%, respectively, due to the launches of households transfer from the central area to suburban areas; therefore, the price dropped, but the volume maintained, with the price of major products maintaining at NT\$0.3 million per ping or above. For Taichung City, with the increase in transportation and public constructions, the move-in population increased, and the number of house acquisitions remained feverish; even though the number of launched households decreased by 7.31% from 2021, the amount of launched households increased to 24.53%; in particular, the numbers recorded a year-on-year increase of 68.88% and 84.40%, respectively, in the fourth quarter; the housing market shows a trend of stable price with volume decreased, with the price of major products maintaining at NT\$0.3 million and NT\$0.45 million per ping or above. For Tainan City, the number of launched households and amount recorded a significant increase of 58.97% and 84.48%, respectively, from 2021 due to the benefits of transportation constructions and the effects of the industry supply chain of Tainan Science Park; in particular, the numbers recorded a year-on-year increase of 165.66% and 90.93%, respectively, in the fourth quarter; the rigid demand was evident, and the overall housing market recorded relatively more transactions than other cities, with the price of major products maintaining at NT\$0.3 million per ping or above. For Kaohsiung, different from the trend of reluctance for sales in the market in 2021, the number of launched households and amount recorded an increase of 37.23% and 56.97%, respectively; despite the benefits of plant establishment by TSMC, the housing market recorded a downturn due to the delay of partial plant establishment plan, with the price of major products maintaining at NT\$0.35 million per ping or above.

Item	Nationwide	Taipei City	New Taipei City	Taoyuan City	Hsinchu City and County	Taichung City	Tainan City	Kaohsiung
Number of houses rolled out in 2022	88,689	5,452	21,069	15,674	3,558	19,610	10,465	12,861
Number of houses rolled out in 2021	807,16	5,873	18,663	15,176	3,892	21,157	6,583	9,372
Amount of launched cases in 2022 (in NTS 100 Million)	16,002	2,789	3,713	2,288	807	3,158	1,391	1,857
Amount of launched cases in 2021 (in NTS 100 Million)	13,000	2,755	3,298	1,830	644	2,536	754	1,183
Comparison of the number of launched households over the two years	9.88%	-7.17%	12.89%	3.28%	-8.58%	-7.31%	58.97%	37.23%
Comparison of the amount of launched households over the two years	23.09%	1.23%	12.58%	25.03%	25.31%	24.53%	84.48%	56.97%

Data source: 2022Q4 Cathay House Price Index

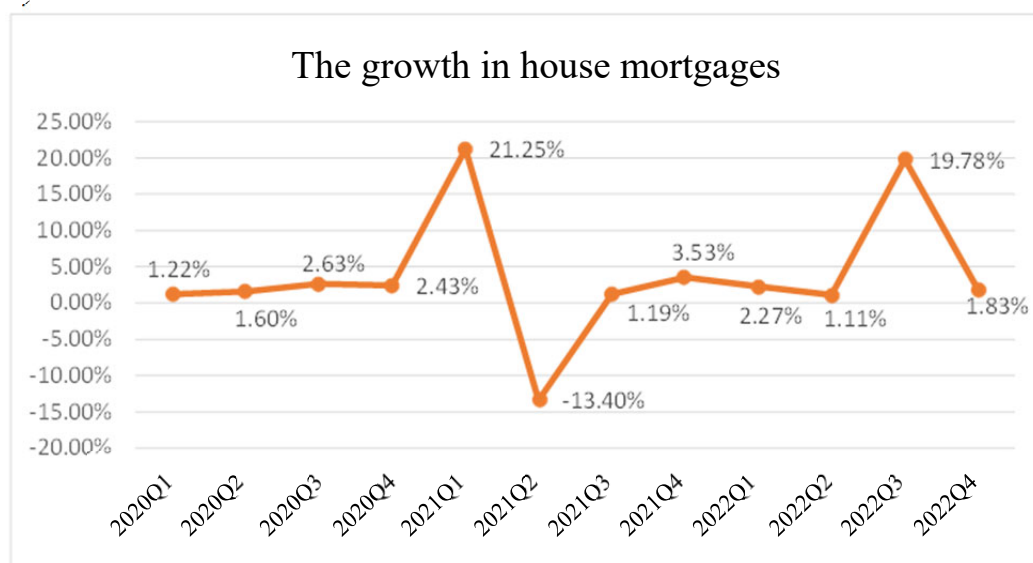
(2) Demand

In 2022, even though the effects of COVID-19 on the housing market have been fading, under the backdrop of interest rate increases by the Central Bank and governmental policies, citizens' house acquisition intention has been decreasing. Despite that the number of houses sold decreased by 30,093 buildings from 2021 to 2022, the number of new houses sold increased by 5,143 buildings from 2021 to 2022, representing the increasing trends in the most recent three years.



Source: Ministry of the Interior

According to the statistics of the Central Bank, the growth rate of the amount of house mortgages of citizens in the fourth quarter of 2022 significantly dropped from 19.78% in the third quarter to 1.83%; nonetheless, it remained a growth of 26.14% as compared to the fourth quarter in 2021, representing the slow down of house acquisition demand despite the feverish market in 2022.



Source: Central Bank

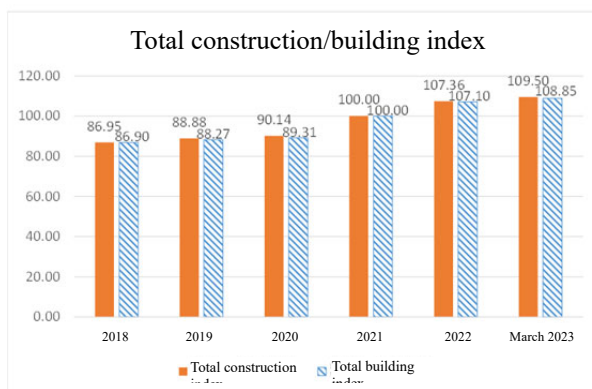
ng into 2023, with the uncertain global development and inflation, DGBAS estimates that the economic growth rate will drop to 2.12%; however, with the repatriation of Taiwanese businesses, the unlikely decrease in housing prices caused by costs, and the old house ages in major cities, stable development will be recorded in major cities despite the downturn of the overall housing market, and such conditions are more evident in regions with material transportation constructions and public constructions, or industrial benefits. Even though the growing trend of the number of new houses traded nationwide since 2017 no longer continues, the number of new houses sold has maintained its growth, representing the stable growth of the construction industry at present and the existing rigid demand. According to the statistics of DGBAS, for population, the birth rate in Taiwan continued to drop, and a decrease was recorded for the overall population. Even though the population in Taiwan in 2022 decreased by approximately 110,000 persons from 2021, the ratio of population in the six major cities plus Hsinchu City and County increased by 0.06% from 2021 to 2022, and the population aging from 20 to 64 increased by 12,560 persons from 2021 to 2022, representing that people continued to move to major cities. There was also an increase in the population with house purchasing capacity and production capacity in major cities, and together with the general old age of houses around Taiwan, there will be stable house acquisition demand in major cities in the future.

Population distribution in 2021 and 2022						
Region	2022			2021		
	Total population	Ratio of total population	Population aging from 20 to 64	Total population	Ratio of total population	Population aging from 20 to 64
Taipei City	2,480,681	10.66%	2,068,799	2,524,393	10.80%	2,095,161
New Taipei City	3,995,551	17.17%	3,361,303	4,008,113	17.15%	3,355,811

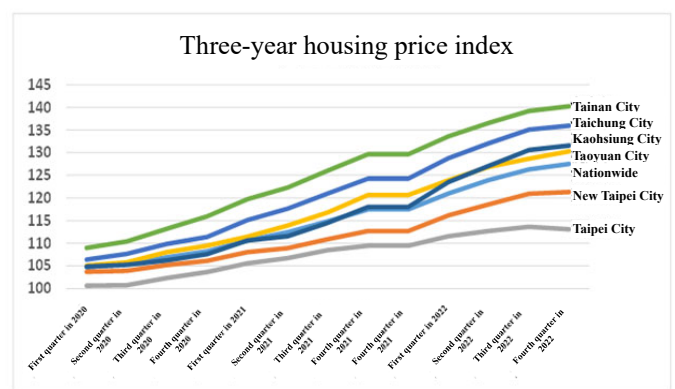
Taoyuan City	2,281,464	9.81%	1,848,622	2,272,391	9.72%	1,829,577
Taichung City	2,814,459	12.10%	2,298,296	2,813,490	12.04%	2,285,997
Tainan City	1,852,997	7.96%	1,559,852	1,862,059	7.97%	1,561,280
Kaohsiung	2,728,137	11.73%	2,300,547	2,744,691	11.74%	2,304,774
Hsinchu City and County	1,032,976	4.44%	813,737	1,028,220	4.40%	806,022
Other counties and cities	6,078,375	26.13%	5,139,914	6,121,957	26.19%	5,149,076
Total	23,264,640	-	19,391,070	23,375,314	-	19,387,672

Source: DGBAS, Ministry of the Interior

According to the statistics of DGBAS, the continued price inflation, issues of increasing land costs and lack of workers faced by builders, and the increases in labor costs have resulted in an increase in the overall construction costs. In the past five years, the total construction and building index has been increasing, and it is unlikely the housing price will decrease. Furthermore, with the expansion of the building of infrastructure, the repatriation of Taiwanese businesses, and the increase in investments by enterprises, it is expected that the housing price index will continue to increase under the effects of the constantly rising housing price in the market.



Source: DGBAS



Source: Ministry of the Interior

4. Competitive advantages

- Great capital resources and credit worthiness
- Superior land development abilities with visions
- Rigorous product design to satisfy market needs
- Leading construction technologies in the industry.
- Precise control of construction quality, progress, and costs.

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

a. Opportunities

- ① With the slowdown of inflation, the interest rate increase cycle imposed by Fed will end; it is estimated that there will not be any significant and rapid interest rate increase in 2023.
- ② The general release of pandemic control for COVID-19 in Taiwan improved the intention of citizens to visit houses.
- ③ After the “Welcome Taiwanese Companies Abroad to Invest in Taiwan Action Plan” with a period of three years from 2019 to 2021 promoted by the Executive Yuan, a total of 254 Taiwanese businesses were attracted to make investments of approximately 1,038.4 billion, creating over 80,000 job opportunities, and the results exceeded the estimated target by 50 businesses. The Executive Yuan has extended the plan to 2024, which is estimated to bring about relevant investments of NT\$900 billion and create 40,000 employment opportunities, with a total investment amount achieving NT\$2.4 trillion. The investments in relevant supply chains and economic growth brought by the repatriation of Taiwanese businesses and industry development will give rise to a certain demand for commercial real estate and residential products.

b. Threats

- ① The Legislative Yuan approved the amendment to “The Equalization of Land Rights Act” at the third reading in January 2023, and the content includes:
 - A. Restrictions on contract exchange or resell of presale houses and newly built houses.
 - B. Material punishments on speculation.
 - C. Establishment of a whistleblowing and bonus system.
 - D. Restriction on private house acquisition by corporations.
 - E. Requirement of declaration and registration for the cancellation of contracts for presale houses.
- 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 The levy of the carbon tax may increase construction costs.
- ④ Interest rate and housing policies of the Central Bank:
 - A. Five times of interest rate increases were performed in 2022, and the Central Bank has raised interest rates by 0.75 percentage points. In the future, influenced by the rate hike pace of the US, the Central Bank may continue to raise the rate domestically.
 - B. Since 2022, the FSC has increased the weight of risk for five types of cases that are newly contracted (including the rollover of existing cases upon the expiry or

loan transfer) and under control, including “house mortgage for corporations,” “land acquisition loans,” “loans to construction companies with mortgages on unsold new housing,” “mortgage loans for idle land in the industrial areas.” and “acquisition of over the third (inclusive) housing by natural persons.”

c. Countermeasures

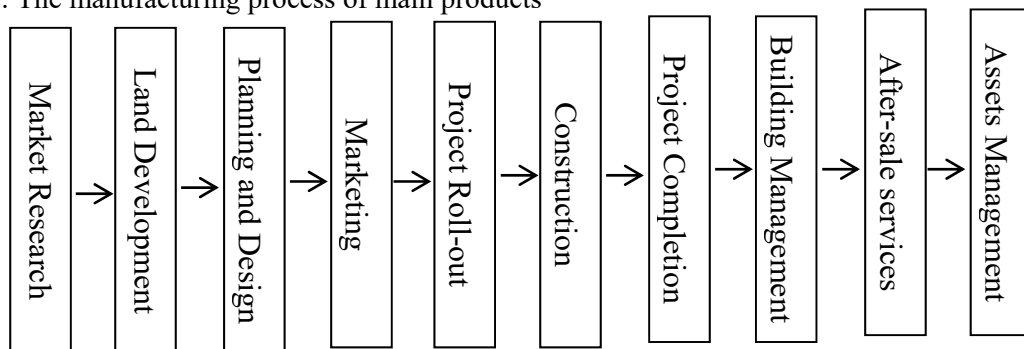
- ① Conduct rigorous reviews of new development projects to determine the reasonable returns and prices; strengthen internal management and shorten construction time to minimize loss of profits due to rising material costs.
- ② Aim for design breakthrough and diversification; focus on construction quality to boost product competitiveness, create diversity and lower business risks.
- ③ Enforce “just-in-time” zero inventory policy and the selling policy to maximize returns on invested capital (ROIC).
- ④ Strategies of urban renewal by governmental agencies of co-building with landlords.

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, Taoyuan, 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.

Highwealth Construction

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	2021				2022			
	Name	Amount	Percentage (%)	Relation	Name	Amount	Percentage (%)	Relation
1	Others	54,949,514	100.00%	Nil	Others	32,449,423	100.00%	Nil
	Net Purchase	54,949,514	100.00%		Net Purchase	32,449,423	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 the 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	2021				2022			
	Name	Amount	Percentage (%)	Relation	Name	Amount	Percentage (%)	Relationship to issuer
1	Others	44,282,065	100.00%	Nil	Others	26,627,233	100.00%	Nil
	Net Sales	44,282,065	100.00%		Net Sales	26,627,233	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 the annual report, the report for the review of the Q1 financial information is yet to be issued.

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	2021		2022	
	Volume of Production	Value of Production	Volume of Production	Value of Production
Housing	4,589 households	28,178,476	2,806 households	17,553,126
Construction	—	255,285	—	117,949
Others	—	165,293	—	209,590
Total	—	28,599,054	—	17,880,665

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 \ Year	2021				2022			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Housing	4,924 households	43,812,116	—	—	2,660 households	26,189,878	—	—
Construction	—	262,762	—	—	—	126,700	—	—
Others	—	207,187	—	—	—	310,655	—	—
Total	—	44,282,065	—	—	—	26,627,233	—	—

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 15, 2023:

YEAR		2021	2022	April 15, 2023
Number of employees	Employee	898	765	753
	Engineers	368	411	422
	Total	1,266	1,176	1,175
Average age		38.4	38.9	38.2
Average years of service		5.1	5.6	5.7
Educational Background	PhD	0%	0%	0%
	Master's	6.71%	6.21%	5.96%
	College	83.10%	83.76%	84.17%
	High School	9.64%	9.18%	9.11%
	Below high school	0.55%	0.85%	0.77%

IV. Environmental Protection Expenditure

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

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

- (2) Environmental Protection Measures

We stipulate in our contracts that our construction partners shall take whole responsibility for any pollution during construction. The Company assumes a 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 is allowed during construction, and carry out regular collections of wastes.
- v. Regularly dredge the drainage trench to keep surrounding areas sanitary.

- (3) Contingent Liability in Environmental Protection: Nil.

V. Labor Relations

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

1. 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) Annual bonus | (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) Abor insurance, health insurance, group insurance, | (10) Other benefits defined by the Committee. |

2. 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:

(a) Job orientation

- ① General training: Introduction to the Company's history and management, and lectures on safety, sanitation, and quality control.
- ② Professional training: all new recruits must undergo training of professional knowledge and operational procedures before they are put to work.

(b) 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.

(c) 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	All supervisors	Information safety protection requirements and strategy for companies listed on TWSE/TPEX	1	
			Briefing for ESG trends and risk management seminar	1	
		New recruits	Orientation training and training on leave application system (monthly)	2	
			Information security and confidentiality training (monthly)	3	
			Occupational safety and health training (offline/online) (monthly)	2	
		All employees	Health lecture - anti-pandemic response plan and self-management and protection (online)	3	
			Yearly occupational safety and health training (offline/online)	3	
			Training on the practice of Business Process Management (BPM)	3	
			Team building	16	
			Promotion of cybersecurity protection and management methods	1	
			Cybersecurity promotion for companies listed on TWSE-TPEX	1	
			The establishment meeting of the GHG Inventory Team and briefing for GHG inventory and promotion	1	
		Administrative Personnel	Net-zero green life promotional training	2	
		Human resource personnel	Differences between the four regulatory relationships for recruiting people for work - employment, contracting, appointment, and dispatch	3	
			Common violations of laws committed by employers from the perspective of recruitment, adjustment, and to termination of contracts	6	
			Application and analysis of labor-capital dispute and mediation practices cases	7	
			Analysis of common dispute cases on working hours and work	4	
			Workplace legal responsibility necessary for employers and business managers	4	
		IT personnel	Training on practice of Business Process Management (BPM)	12	
			Information safety protection requirements and strategy for companies listed on TWSE/TPEX	1	
			Information safety promotional session for companies listed on TWSE/TPEX in 2022	2	
		Sales Department	All employees	Taipei City property development professional training	8
		Audit Office	Internal audit personnel	Internet technology development trends and new mindsets for internal auditors	6
				Latest amendments to internal control standards and practices of legal compliance and abuse prevention of information safety	6
		Finance Department	All employees	Discussion and analysis of financing cases	260
				Seminar on construction site visitation	24

Name of the Company	Unit	Target	Training Program	Hours
		Service Personnel	Seminar of Listed company's business.	3
			Matters of notice for the disclosure of material information and information declaration	3
			Legal compliance and capital market forum for listed companies	3
	Accounting Department	All employees	Updates of taxation laws and regulations	5
			Updates of building management laws and regulations	3
			Updates of laws and regulations related to presale houses	5
			Employee Internal Educational Training	2
			Lecture for the upgrade of demonstrating the ACM system	2
			International sustainable disclosure standards	3
	Department of Planning	All employees	Seminar on construction site visitation marketing	192
			ESG training by Ernst & Young	3
			"City Regeneration for Safe Life in Kaohsiung" summit forum by Commercial Times	6
			Digital streaming photo studio and podcast direct broadcasting room visitation	4
			Technologies of Hahow online learning platform and feasibility evaluation	36
	Development Department	All employees	Description of regulations for the acquisition or disposal of assets	1
Highwealth Construction	Planning Department	All employees	Building regulations and volume calculation	10
			Matter of notice for building planning and construction drawings	2
			Sharing of scenery case in Taichung	1
			Taipei Performing Arts Center visitation	4
	Scenery personnel	Life in Dream City scenery visitation	5	
Run Long Construction	Finance Department	Accounting Personnel	Description of updates to the regulations of House and Land Transactions Income Tax 2.0	20
			GHG inventory and verification promotion session	3
			IFRS Adoption Seminar	12
			How to utilize digital technology to explore and improve operating procedures	6
			Accounting Officers of Issuers, Securities Firms, and Securities Exchanges—Continued Training	6
	Service Personnel	Acting audit personnel	Seminar of Listed company's business.	3
			How to adjust the internal control system to respond to new ESG specifications	6
	Audit	Internal audit personnel	How to utilize digital technology to explore and improve operating procedures	6
			Stock affairs regulations and shareholders' meeting practice seminar=	6
	Administration Department	IT personnel	Combine practical operation and span from labor laws and regulations to ESG and corporate governance	6
			SSCP training	40
			Corporate sustainability practice series - How to implement ESG	3
			Information safety promotional session for companies listed on TWSE/TPEX	3

Highwealth Construction

Name of the Company	Unit	Target	Training Program	Hours
Bo-Yuan Construction Corporation	Administration Department	New recruits	Orientation training and training on leave application system (monthly)	2
			Occupational safety and health training (offline/online) (monthly)	3
			Information security training for new recruits (monthly)	2
		All employees	Health lecture - anti-pandemic response plan and self-management and protection (online)	3
			Yearly occupational safety and health training (offline/online)	3
			Team building	16
			Promotion of cybersecurity protection and management methods	1
Well Rich	Administration Department	New recruits	Orientation training and training on leave application system (monthly)	2
			Occupational safety and health training (offline/online) (monthly)	3
			Information security training for new recruits (monthly)	2
			Corporate culture training lecture	1
		All employees	Health lecture - anti-pandemic response plan and self-management and protection (online)	3
			Yearly occupational safety and health training (offline/online)	3
			Team building	16
Ju Feng	Administration Department	New recruits	Orientation training and training on leave application system (monthly)	2
			Occupational safety and health training (offline/online) (monthly)	3
			Information security training for new recruits (monthly)	2
		All employees	Health lecture - anti-pandemic response plan and self-management and protection (online)	3
			Yearly occupational safety and health training (offline/online)	3
			Team building	16
			Promotion of cybersecurity protection and management methods	1
	Distribution Department	Personnel of individual case	Distribution lecture	40

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

① Training on corporate governance received by managers:

Name of the Company	Position	Name	Training Program	Hours
Highwealth Group	All managers		Infidelity and non-regular transaction	2
Highwealth Construction	Supervisor of Corporate Governance	Lin Wenlong	Introduction to short-term trading of insiders and case analysis	3
			International Twin Summit	2
			How should directors and supervisors monitor corporate risk management and crisis management	3
			Financial information that is easily neglected by directors	3
			Protection of business secrets	3
			Discussion on emerging fin-tech crimes and anti-money laundering from the perspective of a company	3
	Assistant auditing manager	Chiu Jieyun	Requirements of loans to others, endorsements/guarantees, and acquisitions or disposals of assets and practice analysis	6
			The function and task of managers from the Blue Print of management and the latest practice development of insider trading in Taiwan	6
			Seminar of Listed company's business.	3
	Accounting Department Associate Manager	Li Xiutai	IFRS Adoption Seminar	12
Administration Department Manager	Chen Chun-Yan	ISO27001 LEAD AUDITOR COURSE	40	
Run Long Construction	Accounting Department Manager	Lin Yamei	IFRS Adoption Seminar (featured set) (Taipei class)	24
	Administration Department Associate Manager	Wu Jinqing	1. Business planning of enterprises in response to carbon inventory 2. Carbon footprint management and competitive strength in the net-zero era 3. Practical experience sharing for the promotion of GHG inventory by enterprises	3
			Industry-Themed promotional session for the Sustainable Development Roadmap	2
			GHG inventory and verification promotion session	3
			Corporate sustainability practice series - How to implement ESG	3

②Employee off-site training:

Target	Training Program	Hours
New recruits	orientation training	1
Engineering personnel	General knowledge training	9.5
	Training of observation in construction site	16
Electro-mechanic personnel	Professional electro-mechanic training	14
Engineers	Basic Engineering Education Training	8.5
Deputy Director or higher	Advanced Engineering Professional Training	13
Above the level of director	Engineering director management training	5

3. 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.

4. Retirement system and implementation:

The Company has formulated a staff retirement scheme in accordance with the Employee Retirement Measures of the Labor Law. With the enforcement of the Labor Pension Act on July 1, 2005, the Company deposits 6% of employees' salaries into their Bank of Taiwan labor retirement reserve fund account if they choose the former pension scheme, or 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 chose the old system under the Labor Pension Act, an appropriation of approximately NT\$33.26 million in total was made as of March 31, 2023.

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

The Company and its employees have always maintained, and will continue to foster, the spirit of mutual cooperation and teamwork, and continue to achieve higher business goals with joint efforts. Accordingly, no loss due to labor disputes has ever 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

- (1) 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 Company has established a Chief of Information Safety and a dedicated department for information safety according to relevant requirements under the “Regulations Governing Establishment of Internal Control Systems by Public Companies” to coordinate the planning, and monitoring of the information safety system and implement information safety management.
- (2) The dedicated department for information safety subordinated to the Administration Department of the Company is responsible for the planning, implementation, and promotion of information safety management matters and for improving the awareness of information safety. There is a Chief of Information Safety, an information safety supervisor, and two information safety personnel in place.
- (3) 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 referred to the requirements under the ISO 27001 and CNS27001 information safety management system standard and established and issued its regulations for safety protection and management to continue to promote internal information safety work by establishing compliant and appropriate information safety system and control measures.
- (2) The Company has established remote backup system and maintained the sustainable operation of various information systems.
- (3) Prevent hackers, virus attacks and sabotage.
- (4) Prevent leaks of confidential information.
- (5) Maintain safety of physical environment.
- (6) Strengthen protection for internal and external network from attacks.
- (7) 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 each quarter mandatorily to maintain account security.
- (5) Information security education: Provide information security case study for the reference of all employees.
- (6) Information safety meeting: Information safety meetings are regularly convened each month. In 2022, a total of 12 information safety meetings were convened, and contractors were invited to participate in discussions of topics related to information safety.

4. Resources invested in cybersecurity management

- (1) Joined the “Taiwan Computer Emergency Response Team/Coordination Center” to improve our overall information safety protection capacity.
- (2) Optimize internal information safety measures for management’s assistance to

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minimize risks and threats to information safety faced by the Company.

- (3) Regularly perform social engineering and phishing exercises for the entire Company and carry out information safety promotions for the entire Group so as to improve employees' awareness of information protection and information safety risks.
 - (4) Regularly carry out intranet vulnerability analysis and comprehensive information safety tests for mainframes and PCs.
 - (5) Regularly update the information safety protection equipment to ensure the effective operations of different businesses.
- (1) 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	Party	Duration	Content	Restrictions
Engineering contract (Note 1)	De'an	Taisei Corporation	Feb. 2019 to warranty expiry	Construction	Nil
	Wanfang Section, Taipei City	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 116	New Shimao and Chung Cheng	April 2022 - 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 11	Yuanjun	June 2022 - Joint construction completed	Xitun District, Taichung City	Nil
	Wenshang Section 19.20	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	Hotel management	Nil
	Kaohsiung Hyatt Hotel	HYATT INTERNATIONAL LIMITED	March 2018 - 20 years after opening	Management entrusted by Kaohsiung Hyatt Hotel	Nil
Lease	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

1. 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 analysis as of March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		114,994,540	128,675,512	162,562,921	184,681,133	205,712,290	Note 3
Property, plant and equipment		3,288,941	3,039,648	1,164,500	4,456,087	5,910,328	Note 3
Intangible assets		25,054	24,718	25,692	24,313	31,365	Note 3
Other assets		12,592,556	16,083,667	17,054,245	14,354,060	13,512,574	Note 3
Total assets		130,901,091	147,823,545	180,807,358	203,515,593	225,166,557	Note 3
Current liabilities	Before distribution	61,659,364	77,558,356	115,378,276	131,735,958	147,531,551	Note 3
	After distribution	65,742,558	78,724,985	117,960,203	137,907,524	Note 2	Note 3
Non-current liabilities		29,139,579	35,822,007	29,628,564	26,064,234	28,586,253	Note 3
Total liabilities	Before distribution	90,798,943	113,380,363	145,006,840	157,800,192	176,117,804	Note 3
	After distribution	94,882,137	114,546,992	147,588,767	163,971,758	Note 2	Note 3
Interests attributable to parent company owner		34,180,147	30,396,294	32,121,924	40,723,869	44,584,107	Note 3
Capital		11,666,266	11,666,288	12,902,969	13,927,531	17,146,741	Note 3
Capital surplus		304,459	424,474	680,821	3,609,808	8,408,194	Note 3
Retained earnings	Before distribution	21,765,756	17,856,715	18,089,249	23,621,566	20,006,124	Note 3
	After distribution	17,682,562	16,690,086	15,507,322	15,907,109	Note 2	Note 3
Other interests		510,427	532,627	535,453	538,747	268	Note 3
Treasury stock		(66,761)	(83,810)	(86,568)	(973,783)	(977,220)	Note 3
Non controlling interests		5,922,001	4,046,888	3,678,594	4,991,532	4,464,646	Note 3
Total equity	Before distribution	40,102,148	34,443,182	35,800,518	45,715,401	49,048,753	Note 3
	After distribution	36,018,954	33,276,553	33,218,591	39,543,835	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 2022 has yet to be approved by the Shareholders' Meeting.

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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 analysis as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	44,204,971	23,798,201	24,463,018	44,282,065	26,627,233	Note 2
Gross profit from operations	13,172,878	6,649,337	6,851,279	13,725,540	8,966,051	Note 2
Operating income	9,503,362	3,505,992	4,136,357	10,014,960	5,636,978	Note 2
Non-operating income and expenses	(52,490)	445,780	(820,200)	1,181,743	(763,700)	Note 2
Income from continuing operations before income tax	9,450,872	3,951,772	3,316,157	11,196,703	4,873,278	Note 2
Net income of continuing business units	8,738,331	3,489,017	2,823,254	9,589,110	3,905,940	Note 2
Income of suspended business unit	–	–	–	–	–	Note 2
Net income	8,738,331	3,489,017	2,823,254	9,589,110	3,905,940	Note 2
Other comprehensive income, net of tax	47,527	22,003	2,613	14,387	4,619	Note 2
Total comprehensive income	8,785,858	3,511,020	2,825,867	9,603,497	3,910,559	Note 2
Net income attributable to stockholders of the parent	6,856,144	3,029,789	2,645,801	8,186,868	3,740,998	Note 2
Net income attributable to non-controlling interests	1,882,187	459,228	177,453	1,402,242	164,942	Note 2
Total comprehensive income attributable to stockholders of the parent	6,903,671	3,051,792	2,648,414	8,201,255	3,745,617	Note 2
Total comprehensive income attributable to non-controlling interests	1,882,187	459,228	177,453	1,402,242	164,942	Note 2
Earnings per share	6.01	2.42	2.11	6.45	2.29	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, 2023 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)				
		2018	2019	2020	2021	2022
Current assets		81,568,176	90,297,954	117,780,867	130,457,354	129,025,784
Property, plant and equipment		859,716	899,210	437,576	425,156	455,402
Intangible assets		4,816	3,190	2,757	3,742	5,048
Other assets		14,569,091	18,374,522	17,955,274	19,132,500	23,843,762
Total assets		97,001,799	109,574,876	136,176,474	150,018,752	153,329,996
Current liabilities	Before distribution	39,901,023	55,926,126	83,419,739	92,328,394	90,985,404
	After distribution	43,984,217	57,092,755	86,001,666	98,499,960	Note 2
Non-current liabilities		22,920,629	23,252,456	20,634,811	16,966,489	17,760,485
Total liabilities	Before distribution	62,821,652	79,178,582	104,054,550	109,294,883	108,745,889
	After distribution	66,904,846	80,345,211	106,636,477	115,466,449	Note 2
Interests attributable to parent company owner		34,180,147	30,396,294	32,121,924	40,723,869	44,584,107
Capital		11,666,266	11,666,288	12,902,969	13,927,531	17,146,741
Capital surplus		304,459	424,474	680,821	3,609,808	8,408,194
Retained earnings	Before distribution	21,765,756	17,856,715	18,089,249	23,621,566	20,006,124
	After distribution	17,682,562	16,690,086	15,507,322	15,907,109	Note 2
Other interests		510,427	532,627	535,453	538,747	268
Treasury stock		(66,761)	(83,810)	(86,568)	(973,783)	(977,220)
Total equity	Before distribution	34,180,147	30,396,294	32,121,924	40,723,869	44,584,107
	After distribution	30,096,953	29,229,665	29,539,997	34,552,303	Note 2

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

Note 2: The earning distribution for 2022 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, 2023 is yet to be audited.

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

Unit: NT\$ thousand

Item	Year	Financial analysis for the past five years (Note)				
		2018	2019	2020	2021	2022
Operating revenue		30,717,971	20,373,762	18,157,516	34,035,323	23,785,809
Operating margin		8,869,264	5,690,759	5,636,144	10,345,971	7,078,634
Operating income		6,534,438	3,628,150	3,988,711	9,293,635	4,720,111
Non-operating income and expenses		634,399	(307,263)	(995,944)	100,401	(210,829)
Income from continuing operations before income tax		7,168,837	3,320,887	2,992,767	9,394,036	4,509,282
Net income of continuing business units		6,856,144	3,029,789	2,645,801	8,186,868	3,740,998
Income of suspended business unit		—	—	—	—	—
Net income		6,856,144	3,029,789	2,645,801	8,186,868	3,740,998
Other comprehensive income, net of tax		47,527	22,003	2,613	14,387	4,619
Total comprehensive income		6,903,671	3,051,792	2,648,414	8,201,255	3,745,617
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		6.01	2.42	2.11	6.45	2.29

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

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

YEAR	Name of the firm	Accountant name	Opinion
2018	KPMG Taiwan	Judy Chien, Tim Tzang, CPA	Unqualified opinion (Emphasized paragraphs or other paragraphs)
2019	KPMG Taiwan	Judy Chien, Tim Tzang, CPA	Unqualified opinion
2020	KPMG Taiwan	Han Yilien and Judy Chien	Unqualified opinion
2021	KPMG Taiwan	Han Yilien and Judy Chien	Unqualified opinion
2022	KPMG Taiwan	Han Yilien and Tim Tzang	Unqualified opinion

II. Financial Analysis in the Past Five Years

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

Item		Financial Analysis in the Past Five Years (Note 1)					Current year as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to asset ratio	69	77	80	78	78	Note 2
	Long term capital to property, plant and equipment ratio	2,105	2,312	5,619	1,611	1,314	Note 2
Solvency (%)	Current ratio	186	166	141	140	139	Note 2
	Quick ratio	36	26	23	22	22	Note 2
	Interest coverage ratio	12	5	5	12	6	Note 2
Operating capacity	Receivable turnover rate (times)	22	13	13	20	9	Note 2
	Average cash recovery day	16	28	27	18	41	Note 2
	Inventory turnover rate (times)	0.33	0.17	0.14	0.21	0.11	Note 2
	Payable turnover rate(times)	5	3	3	4	2	Note 2
	Days sales outstanding	1,106	2,147	2,607	1,738	3,318	Note 2
	Property, plant and equipment Turnover rate (times)	16	8	12	16	5	Note 2
	Total asset turnover rate (times)	0.35	0.17	0.15	0.23	0.12	Note 2
Profitability	Return on assets (%)	7	3	2	5	2	Note 2
	Return on equity (%)	23.49	9.36	8.04	23.53	8.24	Note 2
	Pre-tax net profit to paid-in capital ratio (%)	81.01	33.87	25.7	80.39	28.42	Note 2
	Net profit rate (%)	19.77	14.66	11.54	21.65	14.67	Note 2
	Earnings per share (NT\$)	6.01	2.66	2.11	6.45	2.29	Note 2
Cash Flow	Cash flow ratio (%)	15.19	Note 3	Note 3	Note 3	Note 3	Note 2
	Cash flow adequacy ratio (%)	71.79	Note 3	Note 3	Note 3	Note 3	Note 2
	Cash reinvestment ratio (%)	9.26	Note 3	Note 3	Note 3	Note 3	Note 2
Leverage	Operating leverage	1.14	1.42	1.31	1.17	1.38	Note 2
	Financial leverage	1.10	1.35	1.27	1.11	1.22	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 the interest coverage ratio: Due to a decrease in net profit after tax.							
2. Decrease in accounts receivable turnover: Due to a decrease in net sales.							
3. Increase in average collection days: Due to a decrease in accounts receivable turnover.							
4. Decrease in inventory turnover: Mainly due to a decrease in the cost of sales in the current period.							

5. Decrease in amounts payable turnover: Mainly due to a decrease in the cost of sales.
6. Increase in days sales outstanding: Due to a decrease in inventory turnover in the current period.
7. Decrease in property, plant and equipment turnover: Mainly due to a decrease in net sales.
8. Decrease in total assets turnover: Mainly due to a decrease in net sales in the current period.
9. Decrease in return on assets: Mainly due to a decrease in net profit after tax in the current period.
10. Decrease in return on equity: Mainly due to a decrease in net profit after tax in the current period.
11. Decrease in pre-tax net profit to paid-in capital ratio: Mainly due to a decrease in pre-tax net profit in the current period.
12. Net profit ratio decrease: mainly due to a decrease in net profit after-tax
13. Decrease in earnings per share: Mainly due to a decrease in net profit after tax in the current period.

Note 1: The financial statements from 2018 to 2022 were audited by CPAs.

Note 2: As of the date of publication of the annual report, the financial information as of March 31, 2023 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.

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(II) Financial analysis - IFRS (standalone)

Item		Year				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio (%)	65	72	76	73	71
	Long term capital to property, plant and equipment ratio (%)	6,642	5,966	12,057	13,569	13,690
Solvency	Current ratio (%)	204	161	141	141	142
	Quick ratio (%)	36	24	22	21	22
	Interest coverage ratio	13	6	5	12	7
Operating capacity	Receivable turnover rate (times)	31	15	13	20	12
	Average cash recovery day	11	25	28	18	31
	Inventory turnover rate (times)	0.32	0.2	0.14	0.22	0.15
	Payable turnover rate(times)	16	9	7	13	9
	Days sales outstanding	1,141	1,825	2,607	1,659	2,433
	Property, plant and equipment turnover rate (times)	44	23	27	78	54
	Total asset turnover rate (times)	0.33	0.19	0.15	0.24	0.16
Profitability	Return on assets (%)	8	3	3	6	3
	Return on equity (%)	21.14	9.38	8.46	22.48	8.77
	Pre-tax net profit to paid-in capital ratio (%)	61.45	28.47	23.19	67.45	26.3
	Net profit rate (%)	22.32	14.87	14.57	24.05	15.73
	Earnings per share (NT\$)	6.01	2.42	2.11	6.45	2.29
Cash Flow	Cash flow ratio (%)	5.57	Note 2	Note 2	Note 2	7.39
	Cash flow adequacy ratio (%)	47.57	Note 2	Note 2	Note 2	Note 2
	Cash reinvestment ratio (%)	-3.49	Note 2	Note 2	Note 2	1.01
Leverage	Operating leverage	1.11	1.24	1.18	0.96	1.3
	Financial leverage	1.11	1.23	1.22	1.10	1.17

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 the interest coverage ratio: Due to a decrease in profit after tax.
2. Decrease in amounts receivable turnover: Due to a decrease in net sales.
3. Increase in average collection days: Due to a decrease in accounts receivable turnover.
4. Decrease in inventory turnover (times): Mainly due to a decrease in costs of sales.
5. Decrease in amounts payable turnover: Mainly due to a decrease in the cost of sales.
6. Days sales outstanding increase: due to an decrease in inventory turnover rate (times) in current period.
7. Decrease in property, plant and equipment turnover: Mainly due to a decrease in operating revenue.
8. Decrease in total assets turnover: Mainly due to a decrease in net sales.
9. Decrease in return on assets: Mainly due to a decrease in net profit after tax in the current period.
10. Decrease in return on equity: Mainly due to a decrease in net profit after tax in the current period.
11. Decrease in pre-tax net profit to paid-in capital ratio: Mainly due to a decrease in pre-tax net profit in the current period.
12. Decrease in net profit margin: Mainly due to a decrease in net profit after tax.
13. Decrease in earnings per share: Mainly due to a decrease in net profit after tax in the current period.

Note 1: The financial statements from 2018 to 2022 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 = 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 4: 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.
5. 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 5: 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 6: 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 7: 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.

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 2022 financial statements of the Company and its consolidated subsidiaries, which was audited by the accountants of KPMG Certified Public Accountant Office, Han Yilien and Tim Tzang. 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

2023 Annual Shareholder's Meeting of Highwealth Construction Corporation

Audit Committee Convener: Hong Xiyao





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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, 2022 and 2021, 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, 2022 and 2021, 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 consolidated financial statements of the year ended December 31, 2022 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 \$26,189,878 thousand in 2022, 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: understanding the Group's internal procedures and accounting processes over inventory valuation; obtaining the valuation information on the net realizable value of inventory on the date of the reporting; inspecting and performing sample testing on the comparable market data such as sales prices of the transactions in the neighborhood, registered sales prices of real estate published by contract prices of recent sales of the Group's developments or Ministry of the Interior, or confirming and recalculating the investment return analysis of each developments, to evaluate if the net realizable value of inventory is fairly presented.

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, 2022, inventory of the Group valued \$168,080,452 thousand, constituting 75% of the total assets, which was presented with lower of cost or net realizable value amount. The judgment of net realizable value of land held for construction sites and construction in progress relies on management subjective judgment or estimate, since the Group focuses on real estate industry, which is not only deeply affected by the politics, economy and tax reform of real estate, but also an industry involving a large portion of capital infusion and long term payback. Thus, the valuation of land held for construction sites and construction in progress is one of the most important valuation 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, 2022 and 2021, 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the 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, 2022 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 Kuo-Yang Tseng.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2023

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 Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousand of New Taiwan Dollars)

		<u>December 31, 2022</u>		<u>December 31, 2021</u>				<u>December 31, 2022</u>		<u>December 31, 2021</u>	
Assets		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Liabilities and Equity		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 14,158,954	6	11,893,909	6	2100	Short-term borrowings (Note 6(n))	\$ 110,334,869	49	91,514,373	45
1110	Financial assets at fair value through profit or loss—current (Notes 6(b) and 8)	265,237	-	272,854	-	2110	short-term transaction instrument payables (Note 6(o))	7,561,607	3	8,181,389	4
1140	Current contract assets (Note 6(y))	49,113	-	43,674	-	2130	Current contract liabilities (Notes 6(y) and 7)	13,899,665	6	10,356,457	5
1150	Notes receivable, net (Notes 6(d) and 8)	2,230,666	1	2,342,633	1	2150	Notes payable	2,422	-	5,819	-
1170	Accounts receivable, net (Note 6(d))	1,213,970	-	220,772	-	2170	Accounts payable (Note 7)	8,014,110	4	7,265,622	4
130X	Inventory (Notes 6(e) and 8)	168,082,584	75	152,478,578	75	2200	Other payables (Note 7)	3,197,623	2	3,728,541	2
1410	Prepayment	1,328,493	1	685,274	-	2216	Dividends payable (Note 6(w))	-	-	557	-
1476	Other financial assets-current (Notes 6(m) · (ab) · 8 and 9(b))	14,395,841	6	13,495,015	7	2230	Current tax liabilities	856,448	-	1,218,313	1
1479	Other current assets, others	215,904	-	304,654	-	2250	Provisions—Current (Notes 6(s) and (u))	268,687	-	221,430	-
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 6(m))	<u>3,771,528</u>	<u>2</u>	<u>2,943,770</u>	<u>1</u>	2280	Lease liabilities-current (Note 6(r))	110,476	-	147,625	-
						2305	Other financial liability-current	87,941	-	95,150	-
		<u>205,712,290</u>	<u>91</u>	<u>184,681,133</u>	<u>90</u>	2321	Bonds payable, current portion (Note 6(q))	2,489,554	1	8,321,502	4
						2322	Long-term borrowings, current portion (Note 6(p))	96,454	-	124,255	-
						2399	Other current liabilities, others(note)	<u>611,695</u>	<u>-</u>	<u>554,925</u>	<u>-</u>
								<u>147,531,551</u>	<u>65</u>	<u>131,735,958</u>	<u>65</u>
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	5,000	-	556,458	-	2530	Bonds payable (Note 6(q))	23,766,936	11	22,268,157	11
1550	Investments accounted for using equity method, net (Notes 6(g) and 8)	109,127	-	105,962	-	2540	Long-term borrowings (Note 6(p))	4,337,972	2	2,817,958	1
1600	Property, plant and equipment (Notes 6(j) and 8)	5,910,328	3	4,456,087	3	2570	Deferred tax liabilities (Note 6(v))	191,553	-	191,553	-
1755	Right-of-use assets (Note 6(k))	168,807	-	578,420	-	2580	Lease liabilities, non-current (Note 6(r))	262,078	-	756,550	-
1760	Investment property (Notes 6(l) and 8)	5,436,871	3	4,893,557	3	2640	Net defined benefit liability, non-current (Note 6(u))	<u>27,714</u>	<u>-</u>	<u>30,016</u>	<u>-</u>
1780	Intangible assets	31,365	-	24,313	-			<u>28,586,253</u>	<u>13</u>	<u>26,064,234</u>	<u>12</u>
1840	Deferred tax assets (note 6(v))	65,237	-	59,122	-			<u>176,117,804</u>	<u>78</u>	<u>157,800,192</u>	<u>77</u>
1980	Other non-current financial assets (Notes 6(m) and 8)	7,377,628	3	6,401,254	3	Total liabilities					
1990	Other non-current assets, others (Note 6(j))	<u>349,904</u>	<u>-</u>	<u>1,759,287</u>	<u>1</u>	Equity attributable to owners of parent:					
		<u>19,454,267</u>	<u>9</u>	<u>18,834,460</u>	<u>10</u>	3100	Common stock (Note 6(w))	17,146,741	7	13,927,531	7
						3200	Capital surplus (Note 6(w))	8,408,194	4	3,609,808	2
						Retained earnings (Note 6(w)):					
						3310	Legal reserve	8,363,751	4	7,552,326	4
						3350	Unappropriated earnings	11,642,373	5	16,069,240	8
						3400	Other equity (Note 6(w))	268	-	538,747	-
						3500	Treasury stock (Note 6(w))	<u>(977,220)</u>	<u>-</u>	<u>(973,783)</u>	<u>-</u>
						Total equity attributable to owners of parent:					
						36XX	Non-controlling interests (Note 6(i))	<u>4,464,646</u>	<u>2</u>	<u>4,991,532</u>	<u>2</u>
						Total equity		<u>49,048,753</u>	<u>22</u>	<u>45,715,401</u>	<u>23</u>
Total assets		<u>\$ 225,166,557</u>	<u>100</u>	<u>203,515,593</u>	<u>100</u>	Total liabilities and equity		<u>\$ 225,166,557</u>	<u>100</u>	<u>203,515,593</u>	<u>100</u>

(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, 2022 and 2021

(Expressed in Thousand of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Notes 6(y) and 7)	\$ 26,627,233	100	44,282,065	100
5000	Operating cost (Note 6(e))	<u>17,661,182</u>	<u>66</u>	<u>30,556,525</u>	<u>69</u>
	Gross profit from operations	<u>8,966,051</u>	<u>34</u>	<u>13,725,540</u>	<u>31</u>
	Operating expenses:				
6100	Selling expenses (Notes 6(m) and 7)	1,173,938	4	2,005,251	4
6200	Administrative expenses (Note 7)	<u>2,155,135</u>	<u>8</u>	<u>1,705,329</u>	<u>4</u>
		<u>3,329,073</u>	<u>12</u>	<u>3,710,580</u>	<u>8</u>
	Net operating income	<u>5,636,978</u>	<u>22</u>	<u>10,014,960</u>	<u>23</u>
	Non-operating income and expenses:				
7100	Total interest income (Notes 6(aa))	46,050	-	18,246	-
7010	Other income (Note 6(aa) and 7)	211,149	1	199,292	-
7020	Other gains and losses (Note 6(aa))	(20,432)	-	1,986,538	5
7050	Finance costs, net (Note 6(aa))	(1,003,632)	(4)	(1,017,849)	(2)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(g))	<u>3,165</u>	<u>-</u>	<u>(4,484)</u>	<u>-</u>
	Total non-operating income and expenses	<u>(763,700)</u>	<u>(3)</u>	<u>1,181,743</u>	<u>3</u>
	Profit (loss) from continuing operations before tax	4,873,278	19	11,196,703	26
7950	Less: Income tax expenses (Note 6(v))	<u>967,338</u>	<u>4</u>	<u>1,607,593</u>	<u>4</u>
	Profit (loss)	<u>3,905,940</u>	<u>15</u>	<u>9,589,110</u>	<u>22</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))	1,758	-	11,093	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	2,814	-	3,319	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>4,572</u>	<u>-</u>	<u>14,412</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	47	-	(25)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>47</u>	<u>-</u>	<u>(25)</u>	<u>-</u>
8300	Other comprehensive income	4,619	-	14,387	-
	Total comprehensive income	<u>\$ 3,910,559</u>	<u>15</u>	<u>9,603,497</u>	<u>22</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent company	\$ 3,740,998	14	8,186,868	19
8620	Profit, attributable to non-controlling interests	<u>164,942</u>	<u>1</u>	<u>1,402,242</u>	<u>3</u>
		<u>\$ 3,905,940</u>	<u>15</u>	<u>9,589,110</u>	<u>22</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent company	\$ 3,745,617	14	8,201,255	19
8720	Comprehensive income, attributable to non-controlling interests	<u>164,942</u>	<u>1</u>	<u>1,402,242</u>	<u>3</u>
		<u>\$ 3,910,559</u>	<u>15</u>	<u>9,603,497</u>	<u>22</u>
	Earnings per share (Note 6(x))				
9750	Basic earnings per share	\$ <u>2.29</u>		<u>5.77</u>	
9850	Diluted earnings per share	\$ <u>2.26</u>		<u>4.95</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, 2022 and 2021

(Expressed in Thousand of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Share capital	Retained earnings				Total other equity interest				Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	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				
Balance on January 1, 2021	<u>\$12,902,969</u>	<u>680,821</u>	<u>7,295,747</u>	<u>10,793,502</u>	<u>18,089,249</u>	<u>246</u>	<u>535,207</u>	<u>535,453</u>	<u>(86,568)</u>	<u>32,121,924</u>	<u>3,678,594</u>	<u>35,800,518</u>	
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 in 2020:													
Cash dividends of ordinary share	-	-	-	(2,581,927)	(2,581,927)	-	-	-	-	(2,581,927)	-	(2,581,927)	
Legal reserve appropriated	-	-	256,579	(256,579)	-	-	-	-	-	-	-	-	
Conversion of convertible bonds	1,024,562	2,869,886	-	-	-	-	-	-	-	3,894,448	-	3,894,448	
Purchase of treasury share	-	-	-	-	-	-	-	-	(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 on December 31, 2021	<u>13,927,531</u>	<u>3,609,808</u>	<u>7,552,326</u>	<u>16,069,240</u>	<u>23,621,566</u>	<u>221</u>	<u>538,526</u>	<u>538,747</u>	<u>(973,783)</u>	<u>40,723,869</u>	<u>4,991,532</u>	<u>45,715,401</u>	
Profit (loss)	-	-	-	3,740,998	3,740,998	-	-	-	-	3,740,998	164,942	3,905,940	
Other comprehensive income	-	-	-	1,758	1,758	47	2,814	2,861	-	4,619	-	4,619	
Total comprehensive income	-	-	-	3,742,756	3,742,756	47	2,814	2,861	-	3,745,617	164,942	3,910,559	
Appropriation and distribution of retained earnings in 2021:													
Legal reserve appropriated	-	-	811,425	(811,425)	-	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	(6,171,566)	(6,171,566)	-	-	-	-	(6,171,566)	-	(6,171,566)	
Stock dividends of ordinary share	1,542,891	-	-	(1,542,891)	(1,542,891)	-	-	-	-	-	-	-	
Conversion of convertible bonds	1,676,319	4,674,723	-	-	-	-	-	-	-	6,351,042	-	6,351,042	
Cash dividends distributed to the subsidiaries which adjusted to capital surplus	-	117,460	-	-	-	-	-	-	-	117,460	-	117,460	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(185,081)	(185,081)	-	-	-	-	(185,081)	-	(185,081)	
Changes in ownership interests in subsidiaries	-	817	-	-	-	-	-	-	(3,437)	(2,620)	-	(2,620)	
Changes in other capital surplus	-	5,386	-	-	-	-	-	-	-	5,386	-	5,386	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(691,828)	(691,828)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	541,340	541,340	-	(541,340)	(541,340)	-	-	-	-	
Balance at December 31, 2022	<u>\$17,146,741</u>	<u>8,408,194</u>	<u>8,363,751</u>	<u>11,642,373</u>	<u>20,006,124</u>	<u>268</u>	<u>-</u>	<u>268</u>	<u>(977,220)</u>	<u>44,584,107</u>	<u>4,464,646</u>	<u>49,048,753</u>	

(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, 2022 and 2021
(Expressed in Thousand of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 4,873,278	11,196,703
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	172,750	225,306
Amortization expense	17,644	14,833
Expected credit loss / Provision (reversal of provision) for bad debt expense	7	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	7,617	(2,556)
Interest expense	1,003,633	1,017,849
Interest income	(46,050)	(18,246)
Dividend income	(26,882)	-
Share of loss of associates and joint ventures accounted for using equity method	(3,165)	4,484
Gain on disposal of property, plan and equipment	(23,659)	1,189
Gain on disposal of investment properties	(10,960)	(245,982)
Gain on disposal of investments	-	(1,851)
Gain on lease modifications	(63,783)	212
Impairment loss on non-financial assets	59,907	286,000
Gain to the rights transferred of the sale and leaseback	-	(2,025,171)
Others	554,272	-
Total adjustments to reconcile profit (loss)	1,641,331	(743,933)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in contract assets	(5,439)	(29,647)
Decrease (increase) in notes receivable	111,967	(818,043)
(Increase) decrease in accounts receivable	(993,205)	23,470
Increase in inventories	(13,040,975)	(22,668,166)
Increase in prepayments	(626,319)	(70,392)
Decrease (increase) in other current and non-current assets	103,426	(123,734)
(Increase) decrease in other financial assets	(2,871,310)	92,152
Increase in assets recognised as incremental costs to obtain contract with customers	(827,758)	(498,224)
Total changes in operating assets	(18,149,613)	(24,092,584)
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	3,543,208	(421,747)
(Decrease) increase in notes payable	(3,397)	2,079
Increase in accounts payable	748,486	940,295
(Decrease) increase in other payables	(612,743)	1,516,366
Increase in provisions	47,257	59,370
(Decrease) increase in other financial liabilities	(7,209)	1,233
Increase (decrease) in other current liabilities	56,770	(377,588)
Decrease in net defined benefit liability	(544)	(1,006)
Total changes in operating liabilities	3,771,828	1,719,002
Total changes in operating assets and liabilities	(14,377,785)	(22,373,582)
Total adjustments	(12,736,454)	(23,117,515)
Cash inflow generated from operations	(7,863,176)	(11,920,812)
Income taxes paid	(1,335,788)	(727,847)
Net cash flows from (used in) operating activities	(9,198,964)	(12,648,659)

(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, 2022 and 2021

(Expressed in Thousand of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) investing activities:		
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
Acquisition of property, plant and equipment	(1,455,472)	(25,231)
Proceeds from disposal of property, plant and equipment	51,555	158
Acquisition of intangible assets	(24,692)	(13,607)
Proceeds from disposal of intangible assets	-	150
Proceeds from disposal of investment properties	39,507	-
Increase in other non-current assets	(127,581)	(1,506,761)
Interest received	45,068	16,304
Dividends received	26,882	-
Net cash flows from (used in) investing activities	(1,444,733)	1,932,453
Cash flows from (used in) financing activities:		
Increase in short-term loans	39,948,739	40,551,872
Decrease in short-term loans	(21,317,360)	(23,991,386)
Decrease in short-term notes and bills payable	(619,782)	(151,314)
Proceeds from issuing bonds	4,000,000	9,000,000
Repayments of bonds	(2,013,540)	(8,500,000)
Proceeds from long-term debt	2,262,000	610,000
Repayments of long-term debt	(577,787)	(3,017,378)
Payment of lease liabilities	(113,787)	(125,745)
Decrease in other financial liabilities	995,799	3,475,840
Cash dividends paid	(6,703,621)	(2,584,670)
Payments to acquire treasury shares	-	(884,908)
Interest paid	(2,720,724)	(2,196,537)
Changes in non-controlling interests	(231,239)	(114,446)
Net cash flows from (used in) financing activities	12,908,698	12,071,328
Effect of exchange rate changes on cash and cash equivalents	44	(23)
Net increase (decrease) in cash and cash equivalents	2,265,045	1,355,099
Cash and cash equivalents at beginning of the year	11,893,909	10,538,810
Cash and cash equivalents at end of the year	\$ 14,158,954	11,893,909

(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, 2022 and 2021

(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, 2022 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 14, 2023.

(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, 2022:

- 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”

(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, 2023, would not have a significant impact on its consolidated financial statements:

- 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”

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:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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”

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

- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

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

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of 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.

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

(c) Basis of consolidation

(i) Principles for preparing consolidated financial statements

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

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

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

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

Name of investor	Subsidiaries	Principal activity	Shareholding		Description
			December 31, 2022	December 31, 2021	
The Company	CHYI YUH CONSTRUCTION CO., LTD.	Constrection , Residential and building and sales	100.00 %	100.00 %	The Company hold more than 50% interest of the subsidiary directly
The Company	Ju Feng Hotel Management Consultant Co.,ltd.	Real estate brokerage and Residemial and building devebpmnt, rental and sales	100.00 %	100.00 %	The Company hold more than 50% interest of the subsidiary directly
The Company	HIGHWEALTH PROPERTY MANAGEMENTC O., LTD.	Real estate broker age and real estate trading	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	QUANXIANG 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.	Residemial and building devebpmnt, rental and sales	6.05 % (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

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

Name of investor	Subsidiaries	Principal activity	Shareholding		Description
			December 31, 2022	December 31, 2021	
The Company	Bo-yuan Construction Co., Ltd	Residential and building development, rental and sales and Department stores	100.00 %	100.00 %	The Company hold more than 50% interest of the subsidiary directly
The Company	YEH KEE ENTERPRISE CO., LTD.	Residential and building development, rental and sales	100.00 %	100.00 %	The Company hold more than 50% interest of the subsidiary directly
The Company	BI CHIANG CO., LTD.	Real estate brokerage and Residential and building development, rental and sales	100.00 %	100.00 %	The Company hold more than 50% interest of the subsidiary directly
The Company	Shing Fu Fa Construction Co., Ltd.	Construction 、 Residential and building development, rental and sales	100.00 %	100.00 %	The Company hold more than 50% interest of the subsidiary directly
The Company	WELL RICH INTERNATIONAL CO., LTD.	Wholesale of construction Material 、 Hotels and Motels	100.00 % (Note 1)	100.00 %	The Company hold more than 50% interest of the subsidiary directly
CHYI YUH CONSTRUCTION N CO., LTD.	GUANGYANG INVESTMENT CONSTRUCTION CO., LTD.	Investment industry	100.00 %	100.00 %	CHYI YUH hold more than 50% interest of the subsidiary directly
CHYI YUH CONSTRUCTION N CO., LTD.	RUN LONG CONSTRUCTION CO., LTD.	Residential and building development, rental and sales	5.21 % (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
GUANGYANG INVESTMENT CONSTRUCTION N CO., LTD.	RUN LONG CONSTRUCTION CO., LTD.	Residential and building development, rental and sales	6.37 % (Note)	6.13 % (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 N CO., LTD.	Jin Jyun Construction Co., Ltd.	Construction 、 Residential and building development, rental and sales	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 2022.

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

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

(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) 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.

(ii) Foreign operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the reporting currency at the 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 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.

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

(e) Current and non-current distinction

An asset is classified as current when

- (i) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) The Group holds the asset primarily for the purpose of trading;
- (iii) The Group expects to realize the asset within twelve months after the reporting period;
- (iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when

- (i) The Group expects to settle the liability in its normal operating cycle;
- (ii) The Group holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period;
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand 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, 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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

2) Fair value through other comprehensive income(FVOCI)

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

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

On initial recognition of an equity investment that is not held for trading, the 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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 measured at 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.

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 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 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.

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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 ;
- S 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.

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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 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.

(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.

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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.

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.

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(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 in bringing them to their existing location and condition, and capitalized borrowing cost.

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 of completion prevailing and selling expenses needed to complete.

3) Real estate 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 selling costs and expenses need to sell the real estate.

(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.

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(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.

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.

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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.

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 equipemnt	3~8 years
5) Other equipment and leasehold improvements	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.

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(m) 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:

(i) 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:

- 1) Fixed payments; including in-substance fixed payment;
- 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 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 Group'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 a change of its assessment of lease period on whether it will exercise an extension on termination option; or
- 5) There is any lease modifications

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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.

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.

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.

The Group 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 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.

(ii) 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 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.

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If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group 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.

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 flow into the Group intends to the Group, 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) Patent and trademark	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, 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.

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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.

(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.

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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.

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

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revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

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

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

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

For residential properties, 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) Revenue from services

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

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

6) 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.

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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.

(r) 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 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.

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(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.

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 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.

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

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- (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.

(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.

(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.

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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) Valuation of inventories

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.

Valuation process

The Group's accounting policies and dis cloures included financial and non-financial assets and liaibilities measured at fair ralue.

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

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

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

The transfers policy between levels of the fair value hierarchy.

If there is any movement of financial instruments measured at fair value between Level 2 and Level 3, the Group's recognize the movent of the reporting date.Please refer notes as follows:

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

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Bank overdrafts used for cash management purposes	\$ 6,095	4,949
Demand and time deposits	14,152,859	11,888,960
Cash and cash equivalent	\$ 14,158,954	11,893,909

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, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Stocks listed on domestic markets	\$ 265,237	272,854

- (i) For the net gain or loss on fair value on financial instruments at FVTPL, please refer to note 6(aa).
- (ii) For credit risk and market risk; please refer to note 6(ab).
- (iii) Please refer to note 8 for the financial assets that had been pledged as collateral for bank borrowings for the years ended December 31, 2022 and 2021

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

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:		
Unlisted Common Share	\$ 5,000	556,458

(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.

In 2022, the Group donated financial assets at fair value through other comprehensive income to related parties, please refer to note 7 (b) . The accumulated valuation gains of the aforementioned financial assets of \$541,340 thousand have been transferred from other equity interest to retained earnings.

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

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(iii) As of December 31, 2022 and 2021, the financial assets at fair value through other comprehensive income of the Group hadn't pledged as collateral for long term borrowings.

(d) Note and account receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Note receivables	\$ 2,235,646	2,347,613
Accounts receivables	1,216,669	223,464
Less: Loss allowance	<u>7,679</u>	<u>7,672</u>
	<u><u>\$ 3,444,636</u></u>	<u><u>2,563,405</u></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:

	<u>December 31, 2022</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance Provision</u>
Current	\$ 3,444,643	-	7
More than 365 days past due	<u>7,672</u>	100%	<u>7,672</u>
	<u><u>\$ 3,452,315</u></u>		<u><u>7,679</u></u>
	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance Provision</u>
Current	\$ 2,563,405	-	-
More than 365 days past due	<u>7,672</u>	100%	<u>7,672</u>
	<u><u>\$ 2,571,077</u></u>		<u><u>7,672</u></u>

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

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance on January 1	\$ 7,672	7,672
Impairment losses recognized	<u>7</u>	<u>-</u>
Balance on December 31	<u><u>\$ 7,679</u></u>	<u><u>7,672</u></u>

As of December 31, 2022 and 2021, note receivable had been pledged as collateral; please refer to note 8.

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(e) Inventory

	December 31, 2022	December 31, 2021
Raw materials and consumables	\$ 533	2,008
Finished goods	1,599	4,607
Total	<u>2,132</u>	<u>6,615</u>
Properties and land held for sale	\$ 10,738,784	11,765,659
Land held for construction sites	28,906,817	42,880,642
Construction in progress	128,434,851	96,580,395
Prepaid for land purchase	<u>-</u>	<u>1,245,267</u>
Total	<u>168,080,452</u>	<u>152,471,963</u>
In total	<u>\$ 168,082,584</u>	<u>152,478,578</u>

For the years ended December 31, 2022 and 2021, the inventory recognized cost as cost of goods sold were \$17,377,585 thousand and \$30,237,692 thousand, respectively, and there were no inventory impairment losses or reversals of inventory write downs recognized for the years ended December 31, 2022 and 2021.

For the years ended December 31, 2022 and 2021, the Group classified construction in progress and land held for sale that meet the definition of investment property and property, plant and equipment as investment property and property, plant and equipment due to the change in use of certain assets, please refer to note b(j) and (l).

For the years ended December 31, 2022 and 2021, construction in progress of the Group is calculated using a capitalization rate 1.98%~ 2.26% and 1.79%~ 1.93%, respectively. For the amount of capitalized interest, please refer to note 6(aa).

As of December 31, 2022 and 2021, 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, 2021, 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 \$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).

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(g) Investments accounted for using equity method

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Joint ventures	<u>\$ 109,127</u>	<u>105,962</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 109,127</u>	<u>105,962</u>

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Attributable to the Group:		
Profit (loss) from continuing operations	\$ 3,165	(4,484)
Comprehensive income	<u>\$ 3,165</u>	<u>(4,484)</u>

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 deposal proceeds of \$20,000 thousand resulted in a gain on deposal of investments amounting to \$1,851 thousand, recognized as other gains and losses.

(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 2022 and 2021.

The effects of the changes in shareholdings were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Carrying amount of non-controlling interest on acquisition	\$ 46,158	30,729
Consideration paid to non-controlling interests	(231,239)	(114,446)
Retained Earnings	<u>\$ (185,081)</u>	<u>(83,717)</u>

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(i) Material non-controlling interests of subsidiaries

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

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non- controlling interests</u>	
		<u>December 31, 2022</u>	<u>December 31, 2021</u>
Run Long Construction Co., Ltd	Taiwan	82.37 %	83.13 %

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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current asset	\$ 43,930,387	35,529,894
Non Current asset	4,884,384	3,795,117
Current Liability	(32,568,146)	(24,367,806)
Non current Liabiity	(10,223,298)	(8,282,194)
Net assets	<u>\$ 6,023,327</u>	<u>6,675,011</u>
Non-controlling interests	<u>\$ 4,464,646</u>	<u>4,991,532</u>
	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Sales revenue	<u>\$ 2,485,724</u>	<u>10,479,267</u>
Net income	\$ 156,636	1,671,830
Other comprehensive income	(25,152)	5,258
Comprehensive income	<u>\$ 131,484</u>	<u>1,677,088</u>
Profit, attributable to non-controlling interests	<u>\$ 164,942</u>	<u>1,402,242</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 164,942</u>	<u>1,402,242</u>
Net cash flows from operating activities	\$ (7,768,654)	(47,761)
Net cash flows from investing activities	94,161	846,561
Net cash flows from financing activities	7,748,681	(730,061)
Effect of exchange rate changes on cash and cash equivalents	<u>\$ 74,188</u>	<u>68,739</u>
Dividends to NCI	<u>\$ 649,515</u>	<u>61,516</u>

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(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, 2022 and 2021, 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>Total</u>
Cost:						
Balance on January 1, 2022	\$ 2,119,622	1,003,089	5,333	1,086,319	1,288,994	5,503,357
Additions	-	-	-	26,931	1,505,143	1,532,074
Reclassification from inventories	33,346	31,763	-	-	-	65,109
Disposals	(12,636)	(15,951)	-	(818,488)	-	(847,075)
Effect of changes in foreign exchange rates	-	-	-	18	-	18
Balance on December 31, 2022	<u>\$ 2,140,332</u>	<u>1,018,901</u>	<u>5,333</u>	<u>294,780</u>	<u>2,794,137</u>	<u>6,253,483</u>
Balance on January 1, 2021	\$ 485,292	307,701	5,333	1,035,354	-	1,833,680
Additions	-	1,386	-	23,845	-	25,231
Reclassification from inventories	1,634,330	694,002	-	50,139	1,288,994	3,667,465
Transfer from (to)	-	-	-	(16,250)	-	(16,250)
Disposals	-	-	-	(6,760)	-	(6,760)
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>1,288,994</u>	<u>5,503,357</u>
Depreciation and Impairment:						
Balance on January 1, 2022	\$ 4,991	125,318	4,236	912,725	-	1,047,270
Depreciation	570	30,589	425	39,210	-	70,794
Impairment	-	-	-	44,253	-	44,253
Disposals	-	(769)	-	(818,410)	-	(819,179)
Effect of changes in foreign exchange rates	-	-	-	17	-	17
December 31, 2022	<u>\$ 5,561</u>	<u>155,138</u>	<u>4,661</u>	<u>177,795</u>	<u>-</u>	<u>343,155</u>
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)
Balance on December 31, 2021	<u>\$ 4,991</u>	<u>125,318</u>	<u>4,236</u>	<u>912,725</u>	<u>-</u>	<u>1,047,270</u>
Carrying amounts:						
Balance on December 31, 2022	<u>\$ 2,134,771</u>	<u>863,763</u>	<u>672</u>	<u>116,985</u>	<u>2,794,137</u>	<u>5,910,328</u>
Balance on January 1, 2021	<u>\$ 480,871</u>	<u>193,482</u>	<u>1,522</u>	<u>488,625</u>	<u>-</u>	<u>1,164,500</u>
Balance on December 31, 2021	<u>\$ 2,114,631</u>	<u>877,771</u>	<u>1,097</u>	<u>173,594</u>	<u>1,288,994</u>	<u>4,456,087</u>

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- (i) The lease improvement includes the renovation cost for the mall operations, etc. In 2022 and 2021, the Group calculated the capitalized amount at interest rate of 1.98%~2.26%及1.79%~1.93% Based on the assessment in 2022 the mall the carrying amount was determined impairment loss closed down, \$286,000 thousand was recognized. Please refer to note 6(aa).
- (ii) As of December 31, 2022 and 2021, the property, plant and equipment of the Group had been pledged as collateral for bank borrowings, please refer to note 8.
- (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:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2022	\$ 3,552	843,242	-	846,794
Additions	8,787	5,889	-	14,676
Reclassification to Investment property	(73)	-	-	(73)
Losses	-	(614,958)	-	(614,958)
Balance on December 31, 2022	<u>\$ 12,266</u>	<u>234,173</u>	<u>-</u>	<u>246,439</u>
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>
Depreciation and impairment losses:				
Balance on January 1, 2022	\$ 427	267,947	-	268,374
Depreciation for the year	1,280	54,224	-	55,504
Reclassification to Investment property	(15)	-	-	(15)
Losses	-	(246,231)	-	(246,231)
Balance on December 31, 2022	<u>\$ 1,692</u>	<u>75,940</u>	<u>-</u>	<u>77,632</u>
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>
Carrying amounts:				
Balance on December 31, 2022	<u>\$ 10,574</u>	<u>158,233</u>	<u>-</u>	<u>168,807</u>
Balance on January 1, 2021	<u>\$ 13,599</u>	<u>433,156</u>	<u>-</u>	<u>446,755</u>
Balance on December 31, 2021	<u>\$ 3,125</u>	<u>575,295</u>	<u>-</u>	<u>578,420</u>

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(l) Investment Property

	<u>Land and improvement</u>	<u>Buildings and construction</u>	<u>Right-of-use assets-land</u>	<u>Total</u>
Cost:				
Balance on January 1, 2022	\$ 2,713,432	2,494,103	-	5,207,535
Transfer from inventory	311,634	306,621	-	618,255
Transfer from property Right-of- use assets	-	-	73	73
Disposals	(12,542)	(16,217)	-	(28,759)
Balance on December 31, 2022	<u>\$ 3,012,524</u>	<u>2,784,507</u>	<u>73</u>	<u>5,797,104</u>
Balance on January 1, 2021	\$ 2,487,549	2,282,815	-	4,770,364
Transfer in from inventory	225,883	211,288	-	437,171
Balance on December 31, 2021	<u>\$ 2,713,432</u>	<u>2,494,103</u>	<u>-</u>	<u>5,207,535</u>
Depreciation and Impairment:				
Balance on January 1, 2022	\$ 40,818	273,160	-	313,978
Depreciation	-	46,449	3	46,452
Transfer from property Right-of- use assets	-	-	15	15
Disposals	-	(212)	-	(212)
Balance on December 31, 2022	<u>\$ 40,818</u>	<u>319,397</u>	<u>18</u>	<u>360,233</u>
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>-</u>	<u>313,978</u>
Carrying amounts:				
Balance on December 31, 2022	<u>\$ 2,971,706</u>	<u>2,465,110</u>	<u>55</u>	<u>5,436,871</u>
Balance on January 1, 2021	<u>\$ 2,446,731</u>	<u>2,056,686</u>	<u>-</u>	<u>4,503,417</u>
Balance on December 31, 2021	<u>\$ 2,672,614</u>	<u>2,220,943</u>	<u>-</u>	<u>4,893,557</u>
Fair value:				
Balance on December 31, 2022				<u>\$ 7,130,613</u>
Balance on January 1, 2021				<u>\$ 7,047,090</u>
Balance on December 31, 2021				<u>\$ 8,545,629</u>

The investment property includes the Group's own assets and right-of-use assets held in recognition of lease rights and office buildings and parking lots leased to third parties under operating leases. 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, 2022 and 2021, the Group's investment property had been pledged as collateral for bank borrowings, please refer to note 8.

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- (m) Other financial assets and current incremental cost of obtaining a contract

	December 31, 2022	December 31, 2021
Other current financial assets	\$ 14,395,841	13,495,015
Current incremental costs to obtaining a contract-current	3,771,528	2,943,770
Other non-current financial assets	7,377,628	6,401,254
	\$ 25,544,997	22,840,039

- (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) 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, 2022 and 2021, the Group recognized \$619,367 thousand and \$1,265,073 thousand of amortized expense.

- (iii) As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
Unsecured bank loans	\$ 12,859,806	7,066,803
Secured bank loans	97,497,564	84,467,188
Less: Syndicated loan expense	(22,501)	(19,618)
Total	\$ 110,334,869	91,514,373
Range of interest rates	1.57%~3.40%	1.2%~2.48%

- (i) The issue of bank loan and repayment

For the years ended December 31, 2022 and 2021, the incremental amounts are \$39,948,739 thousand and \$40,551,872 thousand, respectively; the repayment amounts are \$21,317,360 thousand and \$23,991,386 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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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(o) Short-term notes and bills payable

December 31, 2022			
	Guarantee or acceptance institute	Range of interest rate	Amount
Commercial paper payable	Financial institute	1.52%~2.84%	\$ 7,588,900
Less: Discount on short-term notes and bills payable			(27,293)
Total			\$ 7,561,607

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

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, 2022				
	Currency	Range of interest rate	Maturity	Amount
Secured bank loans	TWD	2.04%~2.57%	2024~2038	\$ 4,434,426
Less: current portion				(96,454)
Total				\$ 4,337,972

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

(i) The issue of bank loan and repayment

The amount issued for the years ended December 31, 2022 and 2021 are \$2,262,000 thousand and \$610,000 thousand, respectively; the repayment amounts are \$577,787 thousand and \$3,017,278 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.

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(q) Bonds payable /current portion of bonds payable

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

	December 31, 2022	December 31, 2021
Secured convertible bonds-current	\$ -	6,332,175
Secured ordinary corporate bond-current	2,489,554	1,989,327
Secured ordinary corporate bond- non-current	<u>23,766,936</u>	<u>22,268,157</u>
Total	<u><u>\$ 26,256,490</u></u>	<u><u>30,589,659</u></u>

(i) The Company issued the secured ordinary corporate bonds amounting to \$2,000,000 thousand \$3,000,000 thousand, \$4,000,000 thousand, \$5,000,000 thousand, and \$2,500,000 thousand, thousand with an interest rate of 0.90%、0.55%, 0.50%~0.52%, 0.53%, 0.90%, respectively, and in April 2022, September 2021, January 2021, December 2020, and May 2018. The secured ordinary corporate bonds were issued for 3 to 5 years, interest paid annually, repayment of principal at maturity. The repayment amounts for the year end December 31, 2021 are \$7,000,000 thousand.

(ii) The Group issued a secured ordinary corporate bond amounting to \$2,000,000 thousand, \$2,000,000 thousand, \$5,900,000 thousand, and \$2,000,000 thousand with an interest rate of 0.85%, 0.57%, 0.78%-0.85%, 0.98% in April 2022, November 2021, 2019, and August 2017, respectively. The secured ordinary corporate bonds were issued for 5 years. The repayment amounts for the year ended December 31, 2022 are \$2,000,000 thousand.

(iii) The Group's details of secured convertible bonds were as follows:

	December 31, 2022	December 31, 2021
Secured convertible bonds	\$ 10,577,820	10,577,820
Discount on bonds payable-unamortized amount	-	(47,097)
Accumulated convertible amount	(10,564,280)	(4,198,548)
Repayment of principal at maturity	<u>(13,540)</u>	<u>-</u>
Ending balance: bonds payable	<u><u>\$ -</u></u>	<u><u>6,332,175</u></u>

In June 2017, the Group 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 Group conversion rules. The conversion price change with formula within issuance details. These secured convertible bonds do not have reset terms.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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- 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 Group on the maturity date at 106.4082% of the face value of the bond (the real yield is 1.25%). On June 8, 2022, the Group's convertible was bonds expired.
- (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, 2022 and 2021.
- (r) Lease liabilities

The carrying amount of lease liabilities were as follows :

	December 31, 2022	December 31, 2021
Current	<u>\$ 110,476</u>	<u>147,625</u>
Non-current	<u>\$ 262,078</u>	<u>756,550</u>

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

The amounts recognized in profit or loss were as follows :

	For the years ended December 31	
	2022	2021
Interest on lease liabilities	<u>\$ 9,364</u>	<u>17,238</u>
Expenses relating to short-term and low-value leases	<u>\$ 50,621</u>	<u>83,426</u>

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

	For the years ended December 31	
	2022	2021
Total cash outflow for leases	<u>\$ 173,772</u>	<u>226,409</u>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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(i) Real estate leases

As of December 31, 2022 and 2021, 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.

In 2022, the Group's lease liabilities decreased by \$432,502 thousand due to the purchase of the leased real estate and the early termination of the lease contract.

(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, 2022	\$ 214,474
Provisions added at current period	46,563
Provisions used at current period	(15,989)
Balance on December 31, 2022	\$ 245,048
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	\$ 214,474

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.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2022	December 31, 2021
Less than one year	\$ 113,179	91,690
One to two years	75,635	81,741
Two to three years	61,185	68,682
Three to four years	48,111	58,428
Four to five years	36,117	29,965
More than five years	3,034	694
Total undiscounted lease payments	\$ 337,261	331,200

The rental income from investment property for the years ended December 31, 2022 and 2021 are \$119,408 thousand and \$95,684 thousand.

(u) Employee benefits

(i) Defined benefit plans

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

	December 31, 2022	December 31, 2021
The present value of defined benefit plans	\$ 67,783	67,870
Fair value of plan asset	(42,188)	(39,291)
Net defined benefit liability	\$ 25,595	28,579

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 \$42,188 thousand as of December 31, 2022. 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.

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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	
	2022	2021
Defined benefit obligations at January 1	\$ 67,870	77,631
Current service cost and interest	424	911
Remeasurements of net define benefit liabilities(assets)		
– Return on plan assets excluding interest income	2,869	15
– Actuarial loss arising from demographic assumptions	-	(10,968)
– Actuarial loss (gain) arising from:	(1,647)	281
Benefits paid	(1,733)	-
Defined benefit obligations at December 31	<u>\$ 67,783</u>	<u>67,870</u>

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

	December 31, 2022	December 31, 2021
Short-term paid leave liability	<u>\$ 23,639</u>	<u>6,956</u>

3) Change of fair value of plane asset

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31	
	2022	2021
Fair value of plan assets at January 1	\$ 39,291	36,927
Remeasurements of net defined benefit liabilities (assets):		
– Return on plan assets excluding interest income	2,980	421
Amount that has been allocated to the plan	1,402	1,711
Expected return on defined plan assets	248	232
Benefits paid	(1,733)	-
Fair value of plan assets at December 31	<u>\$ 42,188</u>	<u>39,291</u>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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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	
	2022	2021
Current service costs	\$ -	427
Net interest of net liabilities for defined benefit obligations	176	252
	\$ 176	679
Administration expense	\$ 176	679

5) Actuarial valuations

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

	December 31, 2022	December 31, 2021
Discount rate	1.500%~1.750%	0.625%
Future salary increase rate	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 \$808 thousand.

The weighted average lifetime of the defined benefits plans is 9.30~10.90 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:

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2022		
Discount rate(0.25% difference)	\$ (1,340)	1,378
Future salary increasing rate(0.25% difference)	1,321	(1,293)
December 31, 2021		
Discount rate (0.25% difference)	(1,484)	1,528
Future salary increasing rate(0.25% difference)	1,466	(1,431)

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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 2022 and 2021.

(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 \$44,412 thousand and \$42,796 thousand for the years ended December 31, 2022 and 2021, respectively.

(v) Income tax

(i) Tax expense

The components of income tax for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Current tax expense		
Current period	\$ 873,554	1,344,341
Land value increment tax	90,242	281,590
Additional surtax on unappropriated earnings	6,848	379
Adjustment for prior periods	<u>2,809</u>	<u>(6,960)</u>
	<u>973,453</u>	<u>1,619,350</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(6,115)</u>	<u>(11,757)</u>
Tax expense	<u><u>\$ 967,338</u></u>	<u><u>1,607,593</u></u>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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The reconciliation of tax expense and income before tax for the years ended December 31, 2022 and 2021 are as followed:

	For the years ended December 31	
	2022	2021
Income before tax	\$ <u>4,873,278</u>	<u>11,196,703</u>
Income tax expense at domestic statutory tax rate	974,655	2,239,341
Land tax exempt income	(184,371)	(475,772)
Book-tax difference between recognition time	131,058	(154,603)
Book –tax difference of capitalization	(117,651)	(83,561)
Book-tax difference between deferred sales commission	25,511	(22,630)
Land value increment tax	90,242	281,590
Financial assets measured at fair value through profit and loss	1,523	(511)
Impairment loss	11,982	57,200
Pay an extra income tax on all unappropriated	6,848	379
Adjustment for prior periods	2,809	(6,960)
Others	<u>24,732</u>	<u>(226,880)</u>
Total	<u>\$ 967,338</u>	<u>1,607,593</u>

(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, 2022	\$ 11,242	42,893	4,987	59,122
Debit/Credit income statement	<u>-</u>	<u>6,115</u>	<u>-</u>	<u>6,115</u>
Balance on December 31, 2022	<u>\$ 11,242</u>	<u>49,008</u>	<u>4,987</u>	<u>65,237</u>
Balance on January 1, 2021	\$ 11,242	31,136	4,987	47,365
Debit/Credit income statement	<u>-</u>	<u>11,757</u>	<u>-</u>	<u>11,757</u>
Balance on December 31, 2021	<u>\$ 11,242</u>	<u>42,893</u>	<u>4,987</u>	<u>59,122</u>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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Deferred tax liabilities:

	Provision for land value increment tax	Others	Total
Balance on January 1, 2022	\$ 191,213	340	191,553
Balance on December 31, 2022	\$ 191,213	340	191,553
Balance on January 1, 2021	\$ 191,213	340	191,553
Balance on December 31, 2021	\$ 191,213	340	191,553

(iii) The Company's income tax had been examined by the tax authorities till 2019. Other domestic subsidiaries' income tax had been examined by the tax authorities till 2020.

(w) Capital and other equity

(i) Ordinary shares

As of December 31, 2022 and 2021, 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 17,146,741 thousand and \$13,927,531 thousand, respectively.

As of 2022 and 2021, the reconciliation of the Group's outstanding shares as follows:

	Ordinary Shares	
	2022	2021
Balance on January 1	1,392,753	1,290,297
Capital surplus increase	154,289	-
Convertible corporation bonds transferred	167,632	102,456
Balance on December 31, 2022	1,714,674	1,392,753

A resolution was passed during the general meeting of shareholders held on June 14, 2022 for the issuance new shares by retained earnings and capital surplus, amounting to \$1,542,891 thousand per 1,000 shares. The Company has received approval from the Financial Supervisory Commission for this capital increase on July 28, 2022. And, a resolution was passed during the board meeting, to set September 26, 2022, and October 2, 2022 as the sex-rights date, and the base date for the capital increase date, and the registration was completed on October 14, 2022.

For the years ended December 31, 2022 and 2021 due to the convertible bondholder's exercised the convert option, the Company issued 167,632 thousand new shares and 102,456 thousand new shares, respectively, at per value amounting to \$1,676,319 thousand and \$1,024,562 thousand, respectively. The relevant statutory registration procedures have since been completed.

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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(ii) Capital surplus

	December 31, 2022	December 31, 2021
Treasury share transactions	\$ 608,590	491,130
Difference arising from subsidiary's equity	34,675	33,858
Conversion Premium of convertible bonds	7,747,840	3,073,117
Capital surplus-premium from merger	62	62
Donation from shareholders	3,284	3,284
Other	13,743	8,357
	\$ 8,408,194	3,609,808

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.

As the Company distributes dividends or legal reserve and part or all of paidin 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 twothirds of all the directors. The resolution should be submitted to the Shareholder's meeting.

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.

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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

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the board meeting on April 6, 2022 and Mar19, 2021, as well as the shareholder's meeting on Jun 14, 2022 and Aug 13, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2021		2020	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 4.01	6,171,566	2.00	2,581,937
Stock dividends	1.00	<u>1,542,891</u>	-	<u>-</u>
Total		<u>\$ 7,714,457</u>		<u>2,581,937</u>

(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 Consultant Co.,Ltd., HIGHWEALTH PROPERTY MANAGEMENT CO., LTD. and CHYI YUH 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. As of December 31, 2022 and 2021, the market price per share were \$40.30 and \$46.25, respectively.

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

<u>Subsidiary</u>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Shares (thousand)</u>	<u>Book value</u>	<u>Shares (thousand)</u>	<u>Book value</u>
Ju Feng Hotel Management Consultantco., Ltd.	5,037	\$ 1,733	4,578	1,733
Highwealth Property Managementco., Ltd.	9,736	10,850	8,849	10,850
Chyi Yuh Construction Co., Ltd.	3,020	-	2,745	-
Run Long Construction Co., Ltd.	14,462	79,729	13,145	76,292
	<u>32,255</u>	<u>\$ 92,312</u>	<u>29,317</u>	<u>88,875</u>

(v) Other equity items

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Total</u>
Balance on January 1, 2022	\$ 221	538,526	538,747
Exchange differences on foreign operations	47	-	47
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,814	2,814
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(541,340)	(541,340)
Balance at December 31, 2022	<u>\$ 268</u>	<u>-</u>	<u>268</u>
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>

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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(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 2022 and 2021 are \$3,740,998 thousand and \$8,186,868 thousand, respectively, and the weighted average number of ordinary shares outstanding are 1,636,197 thousand shares and 1,419,694 thousand shares respectively. For related calculation are as follows:

1) Profit attributable to ordinary shareholders of the Company

	For the years ended December 31	
	2022	2021
Profit attributable to ordinary shareholders of the Company	\$ 3,740,998	8,186,868

2) Weighted-average number of ordinary shares

	For the years ended December 31	
	2022	2021
Ordinary shares outstanding at January 1	1,392,753	1,290,297
Treasury shares	(52,254)	(45,472)
Effect of conversion of convertible notes	141,409	20,580
Effect of stock dividends	154,289	154,289
Weighted-average number of ordinary shares at December 31	1,636,197	1,419,694

(ii) Diluted earnings per share

The Company's diluted earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2022 and 2021 are \$3,754,605 thousand and \$8,273,870 thousand respectively. After adjusting the effect of dilution of ordinary share, the weighted average number of ordinary shares for 2022 and 2021 are 1,664,143 thousand and 1,671,179 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	
	2022	2021
Profit attributable to ordinary shareholders of the Company	\$ 3,754,605	8,273,870

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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2) Weighted-average number of ordinary shares

	For the years ended December 31	
	2022	2021
Weighted-average number of ordinary shares (basic)	1,636,197	1,419,694
Effect of conversion of convertible bonds	26,761	250,020
Effect of restricted employee shares unvested	1,185	1,465
Weighted-average number of ordinary shares (diluted)	1,664,143	1,671,179

(y) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2022			
	Sales of real estate department	Construction contractor department	Department store and hotel	Total
Primary geographical markets:				
Taiwan	\$ 26,314,285	132,302	180,646	26,627,233
Major products/services lines:				
Sales revenue	\$ 26,189,878	-	-	26,189,878
Sales of real estate	-	126,700	-	126,700
Construction contract	-	-	112,843	112,843
Sales Revenue	-	-	36,181	36,181
Net tenant – counter income	-	-	27,944	27,944
Other revenue	124,407	5,602	3,678	133,687
	\$ 26,314,285	132,302	180,646	26,627,233
Timing of revenue recognition:				
Revenue transferred at a point in time	\$ 112,427	132,302	86,789	331,518
Products and services transferred over time	26,201,858	-	93,857	26,295,715
	\$ 26,314,285	132,302	180,646	26,627,233

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	For the year ended December 31, 2021			
	Sales of real estate department	Construction contractor department	Department store and hotel	Total
Primary geographical markets:				
Taiwan	\$ <u>43,935,003</u>	<u>268,364</u>	<u>78,698</u>	<u>44,282,065</u>
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	<u>95,169</u>	<u>5,602</u>	<u>4,776</u>	<u>105,547</u>
	<u>\$ 43,935,003</u>	<u>268,364</u>	<u>78,698</u>	<u>44,282,065</u>
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	<u>43,840,064</u>	-	<u>74,716</u>	<u>43,914,780</u>
	<u>\$ 43,935,003</u>	<u>268,364</u>	<u>78,698</u>	<u>44,282,065</u>

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.

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets- Construction	\$ 49,113	43,674	14,027
Less: Allowance for impairment	-	-	-
Total	<u>\$ 49,113</u>	<u>43,674</u>	<u>14,027</u>
Contract liabilities- Construction	\$ -	-	-
Contract liabilities-Sales of real estate	13,883,124	10,328,779	11,609,186
Contract liabilities-Advance receipt	6,441	3,588	9,017
Contract liabilities-Gift certificates and reward points	<u>10,100</u>	<u>24,090</u>	<u>73,877</u>
Total	<u>\$ 13,899,665</u>	<u>10,356,457</u>	<u>11,692,080</u>

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

As of January 1, 2022 and 2021, the beginning balance of contract liabilities that were accounted for as 2022 and 2021, revenue amounts to \$3,558,482 thousand and \$5,784,798 thousand.

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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, 2022 and 2021.

As of December 31, 2022 and 2021, customer loyalty program was allocated \$0 thousand and \$257 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 \$38,000 thousand and \$60,000 thousand, respectively, and the remunerations to directors amounted to \$8,000 thousand and \$11,000 thousand, respectively, for the years ended December 31, 2022 and 2021. 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 years ended December 31, 2022 and 2021, there is no difference between the estimate amounts in consolidated financial statements and the actual abovementioned distributed amounts.

(aa) Other operating income and expense

(i) Interest income

For the years ended December 31, 2022 and 2021 interest income were as follows:

	For the years ended December 31	
	2022	2021
Interest income		
Construction deposits paid	\$ 262	2,199
Bank deposits and Notes interest	44,427	15,008
Other	1,361	1,039
	\$ 46,050	18,246

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(ii) Other income

For the years ended December 31, 2022 and 2021 revenue were as follows:

	For the years ended December 31	
	2022	2021
Contract termination income	\$ 16,737	9,914
Dividend income	26,882	-
Other income	167,530	189,378
	\$ 211,149	199,292

(iii) Other gains and losses

For the years ended December 31, 2022 and 2021 other gains and losses were as follows:

	For the years ended December 31	
	2022	2021
Foreign exchange losses	\$ 1,745	387
Gains on disposal of investments	-	1,851
Gain (losses) on disposal of property, plant and equipment	23,659	(1,189)
Gains on disposal of investments properties	10,960	245,982
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	(7,617)	2,556
Impairment loss on disposals of property, plant and equipment	(59,907)	(286,000)
Other Income	10,728	(2,220)
	\$ (20,432)	1,986,538

A subsidiary of the Company, Bo Yuan Construction Co., Ltd. approved by the Board of Directors to terminate the operation of the department store on May 12, 2022, effective August 31, 2022. The Group recognized an impairment loss of \$59,907 thousand on property, plant and equipment and other non-current assets. The decrease in right-of-use assets; please refer to note6(k).

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

(iv) Finance costs

For the years ended December 31, 2022 and 2021 details of finance cost of the Group were as follows: :

	For the years ended December 31	
	2022	2021
Interest expense		
Bank loans and collateral	\$ 2,608,091	1,986,191
Amortization on discounted corporate bond	20,365	112,094
Interest on corporate bond	182,048	191,691
Other financial expenses	9,364	17,238
Less: capitalized interest	(1,816,236)	(1,289,365)
	\$ 1,003,632	1,017,849

(ab) Financial instruments

(i) Credit risk

1) Credit risk exposure

The financial instrument's biggest credit risk exposure is same as the carrying amount of the financial assets.

2) Concentration of credit risk

3) The Group has a vast client base that is not connected; thus, the ability to concentrate the credit risk is limited.

4) 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, 2022 and 2021 was determined as follows:

	Other receivables
Balance at December 31, 2022 (as opening balance)	\$ 8,235
Balance at December 31, 2021 (as opening balance)	\$ 8,235

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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
December 31, 2022				
Non derivative financial liabilities:				
Secured loans	\$ 108,995,213	18,914,581	72,800,666	17,279,966
Unsecured loans	13,136,958	10,374,628	2,762,330	-
Short-term transaction instrument payables	7,588,900	7,588,900	-	-
Other financial liability— current	87,941	87,941	-	-
Notes payable, accounts payable and other payable	11,214,155	11,214,155	-	-
Ordinary corporate bonds (Including less than 1 year)	26,897,262	2,667,730	24,229,532	-
Lease liabilities	385,992	111,380	268,851	5,761
	<u>\$ 168,306,421</u>	<u>50,959,315</u>	<u>100,061,379</u>	<u>17,285,727</u>
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 bond (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
	<u>\$ 150,908,798</u>	<u>46,937,964</u>	<u>102,483,030</u>	<u>1,487,804</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market 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.

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If the interest rate had increased / decreased by 0.5% basis points, the Group's interest expense would have increased / decreased by \$611,655 thousand and \$513,190 thousand for the years ended December 31, 2022 and 2021. Taking into account that capitalized interest of profit may decrease or increase by \$217,697 thousand and \$226,398 thousand. This is mainly due to the Group's borrowing at variable rates.

3) Other market price risk

For the years ended December 31, 2022 and 2021, 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			
	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Price of securities at reporting date				
Increasing 10%	\$ <u>500</u>	<u>26,524</u>	<u>55,646</u>	<u>27,285</u>
Decreasing 10%	\$ <u>(500)</u>	<u>(26,524)</u>	<u>(55,646)</u>	<u>(27,285)</u>

(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, 2022				
	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	\$ <u>265,237</u>	<u>265,237</u>	<u>-</u>	<u>-</u>	<u>265,237</u>
Financial assets at fair value through other comprehensive income					
Stocks in unlisted company	\$ <u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 14,158,954	-	-	-	-
Notes and accounts receivable	3,444,636	-	-	-	-
Other financial assets – current	14,395,841	-	-	-	-
Other financial assets – non-current	<u>7,377,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	\$ <u>39,377,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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		December 31, 2022			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term loans	\$ 110,334,869	-	-	-	-
Short-term investment payables	7,561,607	-	-	-	-
Notes payable, accounts payable and other payables	11,214,155	-	-	-	-
Lease liabilities	372,554	-	-	-	-
Other financial liabilities – current	87,941	-	-	-	-
Corporate bonds payable (Including less than 1 year)	26,256,490	-	-	-	-
Long-term loans (Including less than 1 year)	<u>4,434,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 160,262,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2021			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ <u>272,854</u>	<u>272,854</u>	<u>-</u>	<u>-</u>	<u>272,854</u>
Financial assets at fair value through other comprehensive income					
Stocks in unlisted company	\$ <u>556,458</u>	<u>-</u>	<u>556,458</u>	<u>-</u>	<u>556,458</u>
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	<u>6,401,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 34,353,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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 liabilitiesNon—current	95,150	-	-	-	-
Corporate bonds payable (Including less than 1 year)	30,589,659	-	-	-	-
Long-term loans (Including less than 1 year)	<u>2,942,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 145,227,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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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.

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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 2022 and 2021. There is no transfer between first and second level measured at fair value in 2022 and 2021.

(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.

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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, 2022, the situation of the Group provided guarantees to wholly owned subsidiaries, please refer to note 13(a). As of December 31, 2022, 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.

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As of 2022, the Group's capital management strategy is consistent with the prior year as of 2021. 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, 2022, is as follows:

	December 31, 2022	December 31, 2021
Total liabilities	\$ 176,117,804	157,800,192
Less: cash and cash equivalents	(14,158,954)	(11,893,909)
Net debt	161,958,850	145,906,283
Total Equity	49,048,753	45,715,401
Capital after adjustment	\$ 211,007,603	191,621,684
Debt-to-equity ratio	76.75%	76.14%

(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, 2022 and 2021, 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.

Name of related party	Relationship with the Group
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, Lu	Key management personnel of the subsidiary
OO, Yeh	The second immediate family of the key management personnel
OO, Qiu	Relatives within the second degree of consanguinity of key management personnel of the Group
OO, Miao	Key management persone of the Company's subsidiary
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

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<u>Name of related party</u>	<u>Relationship with the Group</u>
Taichung Highwealth Culture and Art Foundation	Same president with the Group
Hotel kingdom	The directors of the Company are the same as those of the company

(b) Significant transactions with related parties

(i) Sales

1) The sales price from related parties are summarized as follows:

	<u>Revenue recognized</u>		<u>Prepayment for selling real estate</u>	
	<u>For the years ended December 31</u>		<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
○○, Chen	\$ -	-	819	543
○○, Fan	12,920	-	-	2,543
○○, Lin	-	-	1,124	1,124
○○, Huang	-	-	1,300	1,070
○○, Lu	-	-	2,800	2,800
○○, Yeh	-	-	2,438	1,528
○○, Tasi	886	-	-	-
○○, Qiu	-	-	2,150	-
○○, Miao	-	-	5,389	-
Total	\$ <u>13,806</u>	<u>-</u>	<u>16,020</u>	<u>9,608</u>

As of December 31, 2022 and 2021, the real estate sold to related parties amounted \$99,428 thousand and \$56,238 thousand (including tax), respectively based on the contracts. Sales prices are in accordance with the employee purchase policy, and conditions for related parties and the contract mentioned above were not difference from those for unrelated parties.

2) The Group signed the labor contract for management consulting services with other related parties, and recognized income \$7,597 thousand in 2022. The transaction price and terms of collection do not have significant differences from those of unrelated parties.

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(ii) Purchase

The purchases price from related parties are summarized as follows:

	For the years ended December 31	
	2022	2021
The entity is a joint venture under the Group's joint arrangement	\$ 14,886	21,803

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

(iii) Receivable from related parties

The receivables to related parties were as follow:

Accounted items	Catagories	December 31, 2022	December 31, 2021
Accounts receivable	Other related parties	\$ 7,597	-

(iv) Payables to related parties

The payables to related parties were as follows:

Accounted items	Catagories	December 31, 2022	December 31, 2021
Accounts payable	Other related parties	\$ 4,166	3,408

(v) Leases

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

	Rent income	
	For the years ended December 31	
	2022	2021
Other related parties	\$ 420	420

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

	Rent expense	
	For the years ended December 31	
	2022	2021
Other related parties	\$ 41	47

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(vi) Others

- 1) In 2022, and 2021, the Group donated 713 thousand share (which had a book value of \$554,272 thousand) of Li Shuo Investment Co., Ltd, \$21,246 thousand and \$473 thousand, respectively, to Taichung Highwerlth Culture and Art Foundation for its promotion development.
- 2) 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, 2022 and 2021, other payables were both \$5,000 thousand.
- 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	
	2022	2021
Short-term employee benefits	\$ 88,001	147,184

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Financial assets at FVTPL—current	Mortgage	\$ 177,600	182,700
Notes receivable	Mortgage	1,507,296	1,388,946
Inventories (construction)	Mortgage, issuing commercial paper and bonds payable	144,363,423	126,703,633
Other financial assets—current and non-current	Mortgage, issuing commercial paper, performance bond, real estate trust account and bond payable	17,998,104	17,838,429
Property, plant and equipment	Mortgage and bonds payable	5,599,639	3,268,918
Investment property at net value	Mortgage, issuing commercial paper and bonds payable	5,083,085	3,914,140
		\$ 174,729,147	153,296,766

As of December 31, 2022 and 2021, the book value of pledged assets providing undrawn guaranteed loan are \$1,758,161 thousand and \$59,342 thousand, respectively. For the years ended December 31, 2022 and 2021, the Group provided \$3,814,651 thousand and \$4,814,232 thousand of notes receivable of presale cases \$12,250 thousand and \$9,307 thousand of shares of its subsidiaries as collateral for the bank loan.

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

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Amount of signed contracts (construction)	\$ <u>134,463,884</u>	<u>119,825,111</u>
Received amount from contracts	\$ <u>13,883,124</u>	<u>10,328,779</u>
Outstanding checks received from presale cases	\$ <u>8,049,780</u>	<u>8,276,876</u>

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Acquisition of inventory (construction)	\$ <u>-</u>	<u>5,107,932</u>
Acquisition of investment property	\$ <u>-</u>	<u>840,848</u>

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Amount of signed contracts	\$ <u>303,731</u>	<u>314,060</u>
Received amount from contracts	\$ <u>187,074</u>	<u>168,436</u>

(b) Others

(i) As of December 31, 2022 and 2021 the refundable deposit paid for cooperation and urban renewal cases are \$3,291,766 thousand and \$1,491,789 thousand, respectively. For the partial above-mentioned joint construction projects, the company promises to provide a certain minimum recovery amount for the houses allocated by the owners, and settle the settlement on the date agreed by both parties. As of December 31, 2022 and 2021 the refundable deposit paid for cooperation cases and property purchase are \$3,119,840 thousand and \$161,410 thousand.

(ii) On February 8, 2022, the parent company entered into an agreement with Kaohsiung City Government for the (urban renewal project) and 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.

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

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

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

By function	For the years ended December 31					
	2022			2021		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits						
Salary	278,972	829,219	1,108,191	233,410	845,055	1,078,465
Labor and health insurance	28,869	73,095	101,964	23,335	71,995	95,330
Pension	13,562	31,026	44,588	11,415	32,060	43,475
Others	12,242	38,797	51,039	8,807	42,809	51,616
Depreciation (Note)	105,915	65,140	171,055	70,574	150,507	221,081
Depletion	-	-	-	-	-	-
Amortization	3,982	13,662	17,644	2,093	12,740	14,833

Note: In 2022 and 2021, depreciation expense was excluded \$1,695 thousand and \$4,225 thousand renovation subsidies for public facilities in department stores.

(b) Other

Regarding the fraud allegations against TSAI, CONG-BIN, the chairman of the subsidiary, the Kuobin Dayuan case was filed by the prosecutor on January 5, 2023. The case is now being heard by the Taipei District Court, and it is believed that this event has no significant impact on the financial operations of the Group.

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	Chyi Yuh Construction Co., Ltd.	2	\$ 44,584,107	8,846,000	7,846,000	5,239,000	-	17.60 %	89,168,214	Y	N	N
0	The company	Bo-yuan Construction Co., Ltd.	2	44,584,107	3,528,000	3,528,000	1,810,000	1,248,000	7.91 %	89,168,214	Y	N	N
0	The company	Well Rich International Co., Ltd.	2	44,584,107	640,000	440,000	-	-	0.99 %	89,168,214	Y	N	N
0	The Company	BI CHIANG CO., LTD.	2	44,584,107	4,145,000	4,145,000	3,145,000	-	9.30 %	89,168,214	Y	N	N
0	The company	SHING FU FA CONSTRUCTION CO., LTD.	2	44,584,107	200,000	100,000	22,173	-	0.22 %	89,168,214	N	Y	N
1	YEH KEE ENTERPRISE CO., LTD.	The Company	3	44,584,107	1,907,700	1,907,700	1,907,700	1,907,700	4.28 %	89,168,214	N	N	N
2	CHYI YUH CONSTRUCTION CO., LTD.	BI CHIANG CO., LTD.	4	44,584,107	550,000	-	-	-	- %	89,168,214	Y	N	N
3	BI CHIANG CO., LTD.	BO-YUAN CONSTRUCTION CO., LTD.	4	44,584,107	1,000,000	1,000,000	500,000	500,000	2.24 %	89,168,214	N	Y	N
4	JIN JYUN CONSTRUCTION CO., LTD.	RUN LONG CONSTRUCTION CO., LTD.	3	1,204,665	1,000,000	1,000,000	-	1,000,000	16.60 %	3,011,663	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, YEH KEE ENTERPRISE CO., LTD., BI CHIANG CO., LTD. and CHYI YUH 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
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(iii) Securities held as of December 31, 2022 (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	500,000	\$ 5,000	1.67 %	5,000	1.67 %	
"	Stock-Shin Kong Rral Estate Management Co., Ltd.	—	Financial assets at fair value through other comprehensive income—non-current	8,960,710	265,237	2.31 %	265,237	2.31 %	
Ju Feng Hotel Management Consultant Co., Ltd.	Stock- Highwealth Construction Corp.	Ultimate Parent Company	Financial assets at fair value through profit or loss—current	5,036,927	202,988	0.29 %	202,988	0.33 %	Note 2
Highwealth Property Management Co., Ltd.	Stock- Highwealth Construction Corp.	Ultimate Parent Company	Financial assets at fair value through other comprehensive income—non-current	9,735,658	392,347	0.57 %	392,347	0.64 %	Note 2
Chyi Yuh Construction Co., Ltd.	Stock- Highwealth Construction Corp.	Ultimate Parent Company	Financial assets at fair value through other comprehensive income—non-current	3,019,507	121,686	0.18 %	121,686	0.20 %	Note 2
"	Company Debt-China Rebar Co., Ltd.		Financial assets at fair value through other comprehensive income—non-current	3	-	- %	-	- %	Note 1
RUN LONG CONSTRUCTION CO., LTD.	Stock- Highwealth Construction Corp.	Ultimate Parent Company-	Financial assets at amortized cost—current	14,461,638	582,804	0.84 %	582,804	0.94 %	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 counterparty	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	BI CHIANG CO., LTD.	Investments accounted for using equity method, net	Capital increase	The subsidiary	720,000 (Note 1)	1,244,074	150,000,000	1,500,000	-	-	-	-	150,720,000	2,663,888
"	BO-YUAN CONSTRUCTION CO., LTD.	"	Capital increase	"	30,800,000	66,095	150,000,000	1,500,000	57,900,000 (Note 2)	-	-	-	122,900,000	1,440,046

Note 1: The Company held 7,200 shares of Bi Chiang Enterprise Co., Ltd. at the beginning of the period, which increased to 720,000 shares after Bi Chiang Enterprise Co., Ltd. change in par value.

Note 2: Reducing capital to cover losses.

Note 3: 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	Xinxing Three Short Paragraphs	March 15, 2021	\$ 1,244,230	1,244,230	OO ,Huangand other 9people	Not related parties	-	-	-	-	Appraisal	Constroction
Bi Chiang Enterprise Co., Ltd	Jhong Lu Section (Note)	February 16, 2021	2,037,504	2,037,504	GOLDSUN BUILDING MATERIALS CO., LTD.	Satohara and Mida Investment	-	-	-	-		

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:None
- (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	Chyi Yuh Construction Co., Ltd.	Investee accounted for using equity method	Contracting project	\$ 6,736,917	48.96%	Pay by contract terms	-	-	(1,342,413)	(73.98)%	Note 2
Chyi Yuh Construction Co., Ltd.	The Company	The ultimate parent of the company	Contracted project	(9,418,229)	(94.15)%	Receive by contract terms	-	-	1,342,413	90.38%	Note 1
"	Bo-yuan Construction Co., Ltd.	Investee accounted for using equity method	Contracted project	(461,293)	(4.61)%	Receive by contract terms	-	-	80,710	5.43%	Note 1
Run Long Construction Co., Ltd	Jin Jyun Construction Co., Ltd	Investee accounted for using equity method	Contracting project	4,700,460	49.10%	Pay by contract terms	-	-	(555,304)	(50.18)%	Note 2
"	Chyi Yuh Construction Co., Ltd.	Investee accounted for using equity method	Contracting project	174,989	1.83%	Pay by contract terms	-	-	(55,927)	(5.05)%	Note 2
Jin Jyun Construction Co., Ltd	Run Long Construction Co., Ltd	Investee accounted for using equity method	Contracted project	(4,906,282)	(97.68)%	Receive by contract terms	-	-	555,304	96.89%	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		
Chyi Yuh Construction Co., Ltd.	The company	The ultimate parent of the company	1,342,413	6.82	-		1,221,972	-
Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd	Investee accounted for using equity method	555,304	8.82	-		548,297	-

Note: Reconciliated in the preparation of consolidated report.

- (ix) Trading in derivative instruments: None

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions				
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets	
0	The Company	Chyi Yuh Construction Co., Ltd.	1	Accounts payable	\$ 1,342,413	Same with peer terms	0.60%	
			1	Operating Cost	6,736,917	Same with peer terms	25.30%	
			1	Investment real estate under construction	1,040,673	Same with peer terms	0.46%	
		Ju Feng Hotel Management Consultant Co., Ltd.	1	promotional expenses	75,598	Same with peer terms	0.28%	
1	Chyi Yuh Construction Co., Ltd.	The Company	1	Accounts Receivable	1,342,413	Same with peer terms	0.60%	
			1	Operating Revenue	9,418,229	Same with peer terms	35.37%	
			1	Run Long Construction Co., Ltd	Accounts Receivable	55,927	Same with peer terms	0.02%
			2	Operating Revenue	96,556	Same with peer terms	0.36%	
			2	BO-YUAN CONSTRUCTION CO., LTD.	Accounts Receivable	80,710	Same with peer terms	0.04%
2	Run Long Construction Co., Ltd	Chyi Yuh Construction Co., Ltd.	3	Operating Revenue	461,293	Same with peer terms	1.73%	
			3	Accounts payable	55,927	Same with peer terms	0.02%	
			3	Operating Cost	174,989	Same with peer terms	0.66%	
			3	Jin Jyun Construction Co., Ltd.	Accounts payable	555,304	Same with peer terms	0.25%
			3	Operating Cost	4,700,460	Same with peer terms	17.65%	
3	Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd	3	Accounts Receivable	555,304	Same with peer terms	0.25%	
			3	Operating Revenue	4,906,282	Same with peer terms	18.43%	
			3	BO-YUAN CONSTRUCTION CO., LTD.	Accounts payable	80,710	Same with peer terms	0.04%
4	BO-YUAN CONSTRUCTION CO., LTD.	Chyi Yuh Construction Co., Ltd.	3	Investment real estate under construction	518,924	Same with peer terms	0.23%	
			3	Operating Cost	43,321	Same with peer terms	0.16%	
			5	Ju Feng Hotel Management Consultant Co., Ltd.	Operating Revenue	75,598	Same with peer terms	0.28%

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, 2022 (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, 2022			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2021	Shares (thousand)	Percentage of ownership	Carrying value				
The Company	Ju Feng Hotel Management Consultant Co., Ltd.	Taiwan	Residential and building development, rental and sales	\$ 25,000	12,000	2,500,000	100.00 %	59,175	100.00 %	15,386	80,658	
"	Highwealth Property Co., Ltd.	Taiwan	Real estate brokerage, real estate trading	7,000	25,000	700,000	100.00 %	36,136	100.00 %	35,046	(409)	
"	Chyi Yuh Construction Co., Ltd.	Taiwan	Construction, housing and building development rental services etc.	3,030,041	3,030,041	388,500,000	100.00 %	4,534,895	100.00 %	550,951	581,718	
"	Run Long Construction Co., Ltd.	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	940,853	861,910	27,289,288	6.05 %	262,280	6.05 %	156,636	(40,466)	
"	Yeh Kee Enterprise Co., Ltd.	Taiwan	Construction, housing and building development rental services etc.	2,423,152	2,423,152	2,200,000	100.00 %	2,402,306	100.00 %	(16,141)	(16,141)	
"	Bi Jiang Enterprise Co., Ltd.	Taiwan	Residential and building development, rental services, etc.	2,802,900	1,302,900	150,720,000	100.00 %	2,663,888	100.00 %	(79,782)	(80,186)	
"	SHING FU FA CONSTRUCTION CO., LTD.	Taiwan	Residential and building development, rental services, etc.	265,000	15,000	26,500,000	100.00 %	263,170	100.00 %	1,476	1,685	
"	BO-YUAN CONSTRUCTION CO., LTD.	Taiwan	Construction, housing and building development rental services etc.	2,430,000	930,000	122,900,000	100.00 %	1,440,046	100.00 %	(126,049)	(126,049)	

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousand)	Percentage of wnership	Carrying value				
The Company	Well Rich International Co., Ltd.	Taiwan	Residential and building development, rental services, etc.	245,621	145,621	18,100,000	100.00 %	236,371	100.00 %	(11,586)	(9,710)	
Chyi Yuh Construction Co., Ltd.	GUANGYANG INVESTMENT CONSTRUCTION CO., LTD.	Taiwan	Residential and building development, rental services, etc.	284,050	284,050	29,900,000	100.00 %	492,546	100.00 %	10,295	Exempt from disclosure	
"	Run Long Construction Co., Ltd.	Taiwan	Investment industry	864,938	803,226	23,510,755	5.21 %	312,810	5.21 %	156,636	"	
"	Goyu Building Materials Co., Ltd.	Taiwan	Investment	120,000	120,000	12,000,000	30.00 %	109,127	30.00 %	10,761	"	
GUANGYANG INVESTMENT CONSTRUCTION CO., LTD.	Run Long Construction Co., Ltd.	Taiwan	Wholesale of Building Materials	618,533	542,850	28,759,103	6.37 %	426,333	6.37 %	156,636	"	
Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd.	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	718,300	518,300	70,000,000	100.00 %	580,477	100.00 %	103,845	"	

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

(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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	(Note 2) Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow							
QUANXIANG TRADING (SHANGHAI) CO., LTD.	Construction material, furniture, metal parts	26,555 USD 900,000	(1)	26,555 USD 900,000	-	-	26,555 USD 900,000	(214)	100.00%	100.00%	(214)	1,020	-
XINGFU YU TRADING (XIAMEN) CO., LTD.	Construction material wholesale	27,104 USD 900,000	(1)	27,104 USD 900,000	-	-	27,104 USD 900,000	123	100.00%	100.00%	123	1,620	-

Note: Reconciled in the preparation of consolidated report.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
53,659 (USD 1,800,000)	53,659 (USD 1,800,000)	26,750,464 (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

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Xing Ri Sheng Investment Co., Ltd.		108,860,296	6.34 %
Ear Winner Investment Co., Ltd.		103,498,786	6.02 %

(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 and hotel are manage department stores, supermarkets, and operating a hotel and catering services.

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

	For the year ended December 31, 2022					
	Developing segment	Constructing segment	Department store and hotel	Other segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 26,314,285	132,302	180,646	-	-	26,627,233
Intersegment	150,164	14,910,854	4,745	-	(15,065,763)	-
Interest revenue	43,308	1,957	847	75	(137)	46,050
Total revenue	\$ 26,507,757	15,045,113	186,238	75	(15,065,900)	26,673,283
Interest expenses	\$ 946,405	34,847	29,655	3	(7,277)	1,003,633
Depreciation and amortization	113,786	2,085	34,696	250	39,577	190,394
Share of profit (loss) of associates and joint ventures accounted for using equity method	(341,207)	(21,925)	-	-	359,967	(3,165)
Reportable segment profit or loss	\$ 5,261,470	196,848	(120,603)	10,203	(474,640)	4,873,278
Investments accounted for using equity method	\$ 12,613,156	914,483	426,333	-	(13,844,845)	109,127
Capital expenditure	1,705,272	296,579	17,334	-	(411,440)	1,607,745
Reportable segment assets	\$ 238,408,019	5,413,807	1,405,422	440,402	(20,501,093)	225,166,557
Reportable segment liabilities	\$ 179,612,899	2,908,540	1,745,135	7,591	(8,156,361)	176,117,804

HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES
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	For the year ended December 31, 2021					
	Developing segment	Constructing segment	Department store and hotel	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	1,523,097	17,088	14,362	-	(8,948)	1,545,599
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

(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 2022 and 2021.



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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, 2022 and 2021, 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, 2022 and 2021, 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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, 2022. 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 \$23,660,237 thousand in 2022, 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, 2022, inventory of the Company valued \$107,006,078 thousand, constituting 70% of the total assets, which was presented with lower of cost or net realizable value amount. The judgment of net realizable value of land held for construction sites and construction in progress relies on management subjective judgment or estimate, since the Company focuses on real estate industry, which is not only deeply affected by the politics, economy and tax reform of real estate, but also an industry involving a large portion of capital infusion and long term payback. Thus, the valuation of land held for construction sites and construction in progress 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 I and held for construction sites and construction in progress valuation. Obtain the Company management's data of land held for construction sites and construction in progress valuation, inspecting and recalculating the net realizable value of I and held for construction sites and construction in progress 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.



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

1. Identify and assess the risks of material misstatement of the 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, 2022 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 Kuo-Yang Tseng.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2023

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.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets									
Current assets:					Liabilities and Equity				
1100 Cash and cash equivalents (Note 6(a))	\$ 8,448,964	6	7,488,210	5	Current liabilities:				
1110 Current financial assets at fair value through profit or loss (Notes 6(b) and 8)	265,237	-	272,854	-	2100 Short-term borrowings (Note 6(m))	\$ 73,267,113	48	68,832,722	46
1150 Notes receivable, net (Note 6(d))	2,026,846	1	1,940,864	1	2110 Short-term notes and bills payable (Note 6(n))	3,010,189	2	4,683,438	3
1170 Accounts receivable, net (Notes 6(d) and 7)	39,059	-	88,907	-	2130 Current contract liabilities (Notes 6(w), 7 and 9(a))	7,023,706	5	6,413,104	4
130X Inventories (Notes 6(e), 7 and 8)	107,006,078	70	109,347,222	73	2150 Notes payable	2,452	-	2,099	-
1410 Prepayments (Note 7)(Notes 7)	260,376	-	80,331	-	2170 Accounts payable	453,409	-	447,244	-
1476 Other current financial assets (Notes 6(l), (z), 7, 8 and 9(b))	9,318,709	6	9,489,284	6	2180 Accounts payable to related parties (Note 7)	1,358,669	1	1,572,788	1
1479 Other current assets, others	19,401	-	135,097	-	2200 Other payables (Note 7)	2,100,750	1	2,491,921	2
1480 Current assets recognized as incremental costs to obtain contract with customers (Note 6(l))	1,641,114	1	1,614,585	1	2230 Current tax liabilities	714,963	-	884,977	1
	<u>129,025,784</u>	<u>84</u>	<u>130,457,354</u>	<u>86</u>	2280 Lease liabilities-current (Note 6(q))	40,905	-	37,933	-
Non-current assets:					2305 Other current financial liabilities (Note 7)	226,291	-	128,397	-
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(c))	5,000	-	556,458	-	2321 Bonds payable, current portion (Note 6(p))	2,489,554	2	6,332,175	4
1550 Investments accounted for using equity method, net (Notes 6(g), (h) and 8)	11,900,907	8	8,185,352	6	2322 Long-term borrowings, current portion (Note 6(o))	70,929	-	98,310	-
1600 Property, plant and equipment (Notes 6(i) and 8)	455,402	-	425,156	-	2399 Other current liabilities, others	226,474	-	403,286	-
1755 Right-of-use assets (Note 6(j))	41,511	-	48,324	-		<u>90,985,404</u>	<u>59</u>	<u>92,328,394</u>	<u>61</u>
1760 Investment property, net (Notes 6(k) and 8)	7,946,944	5	6,472,768	5	Non-Current liabilities:				
1780 Intangible assets	5,048	-	3,742	-	2530 Bonds payable (Note 6(p))	13,911,921	9	14,406,358	10
1840 Deferred tax assets (Note 6(t))	14,544	-	14,544	-	2540 Long-term borrowings (Note 6(o))	3,714,573	3	2,389,420	2
1980 Other non-current financial assets (Notes 6(l) and 8)	3,801,981	3	3,776,164	3	2570 Deferred tax liabilities (Note 6(t))	340	-	340	-
1990 Total other non-current assets, others	132,875	-	78,890	-	2580 Non-current lease liabilities (Note 6(s))	109,680	-	143,985	-
	<u>24,304,212</u>	<u>16</u>	<u>19,561,398</u>	<u>14</u>	2640 Net defined benefit liability, non-current (Note 6(s))	23,971	-	26,386	-
						<u>17,760,485</u>	<u>12</u>	<u>16,966,489</u>	<u>12</u>
					Total liabilities	<u>108,745,889</u>	<u>71</u>	<u>109,294,883</u>	<u>73</u>
					Stockholders' Equity:				
					3100 Common stock (Note 6(u))	17,146,741	11	13,927,531	9
					3200 Capital surplus (Note 6(u))	8,408,194	6	3,609,808	3
					Retained earnings (Note 6(u)):				
					3310 Legal reserve	8,363,751	5	7,552,326	5
					3350 Unappropriated retained earnings	11,642,373	8	16,069,240	11
					3400 Other equity interest (Note 6(u))	268	-	538,747	-
					3500 Treasury stock (Note 6(u))	(977,220)	(1)	(973,783)	(1)
					Total equity	<u>44,584,107</u>	<u>29</u>	<u>40,723,869</u>	<u>27</u>
Total assets	<u>\$ 153,329,996</u>	<u>100</u>	<u>150,018,752</u>	<u>100</u>	Total liabilities and equity	<u>\$ 153,329,996</u>	<u>100</u>	<u>150,018,752</u>	<u>100</u>

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 Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
4000 Operating revenue (Notes 6(r) and (w))	\$ 23,785,809	100	34,035,323	100
5000 Operating costs (Note 6(e))	16,707,175	70	23,689,352	70
Gross profit from operations	7,078,634	30	10,345,971	30
5920 Add:Realized profit (loss) on from sales	40,101	-	1,486,744	4
	<u>7,118,735</u>	<u>30</u>	<u>11,832,715</u>	<u>34</u>
Operating expenses:				
6100 Selling expenses (Note 7)	942,879	4	1,442,173	4
6200 Administrative expenses	1,455,745	6	1,096,907	3
	<u>2,398,624</u>	<u>10</u>	<u>2,539,080</u>	<u>7</u>
Net operating income	<u>4,720,111</u>	<u>20</u>	<u>9,293,635</u>	<u>27</u>
Non-operating income and expenses:				
7100 Total interest income (Note 6(y))	29,877	-	9,533	-
7010 Other income (Notes (y) and 7)	87,906	-	33,692	-
7020 Other gains and losses, net (Note 6(y))	(22,390)	-	1,116,626	3
7050 Finance costs, net (Note 6(y))	(697,231)	(3)	(858,103)	(3)
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(g))	391,009	2	(201,347)	-
Total non-operating income and expenses	<u>(210,829)</u>	<u>(1)</u>	<u>100,401</u>	<u>-</u>
Profit from continuing operations before tax	4,509,282	19	9,394,036	27
7950 Less: Income tax expenses(Note 6(t))	768,284	3	1,207,168	3
Profit	<u>3,740,998</u>	<u>16</u>	<u>8,186,868</u>	<u>24</u>
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))	2,417	-	10,981	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	2,814	-	3,319	-
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	(659)	-	112	-
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	<u>4,572</u>	<u>-</u>	<u>14,412</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	47	-	(25)	-
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	<u>47</u>	<u>-</u>	<u>(25)</u>	<u>-</u>
8300 Other comprehensive income	<u>4,619</u>	<u>-</u>	<u>14,387</u>	<u>-</u>
Total comprehensive income	<u>\$ 3,745,617</u>	<u>16</u>	<u>8,201,255</u>	<u>24</u>
Earnings per share (Note 6(v))				
Basic earnings per share	\$ <u>2.29</u>		\$ <u>5.77</u>	
Diluted earnings per share	\$ <u>2.26</u>		\$ <u>4.95</u>	

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, 2022 and 2021
(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, 2021	\$ 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 in 2020:										
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
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(83,717)	(83,717)	-	-	-	-	(83,717)
Changes in ownership interests in subsidiaries	-	328	-	-	-	-	-	-	(2,307)	(1,979)
Balance on 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
Profit (loss)	-	-	-	3,740,998	3,740,998	-	-	-	-	3,740,998
Other comprehensive income	-	-	-	1,758	1,758	47	2,814	2,861	-	4,619
Total comprehensive income	-	-	-	3,742,756	3,742,756	47	2,814	2,861	-	3,745,617
Appropriation and distribution of retained earnings in 2021:										
Legal reserve appropriated	-	-	811,425	(811,425)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(6,171,566)	(6,171,566)	-	-	-	-	(6,171,566)
Stock dividends of ordinary share	1,542,891	-	-	(1,542,891)	(1,542,891)	-	-	-	-	-
Conversion of convertible bonds	1,676,319	4,674,723	-	-	-	-	-	-	-	6,351,042
Cash dividends distributed to the subsidiaries which adjusted to capital surplus	-	117,460	-	-	-	-	-	-	-	117,460
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(185,081)	(185,081)	-	-	-	-	(185,081)
Changes in ownership interests in subsidiaries	-	817	-	-	-	-	-	-	(3,437)	(2,620)
Other changes in capital surplus	-	5,386	-	-	-	-	-	-	-	5,386
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	541,340	541,340	-	(541,340)	(541,340)	-	-
Balance at December 31, 2022	\$ 17,146,741	8,408,194	8,363,751	11,642,373	20,006,124	268	-	268	(977,220)	44,584,107

(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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 4,509,282	9,394,036
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	108,681	72,755
Amortization expense	6,065	5,540
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	7,617	(2,556)
Interest expense	697,231	858,103
Interest income	(29,877)	(9,533)
Dividend income	(26,882)	-
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(391,009)	201,347
(Gain) loss on disposal of property, plant and equipment	(22,378)	100
Loss (gain) on disposal of investment properties	54	(245,982)
Realized loss (profit) on from sales	(40,101)	(1,486,744)
Gain on lease back	-	(870,373)
Others	554,272	-
Total adjustments to reconcile profit (loss)	863,673	(1,477,343)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(85,982)	(650,743)
Decrease in accounts receivable	49,848	18,288
Decrease (increase) in inventories	2,980,594	(13,644,914)
Decrease (increase) in other non-current assets	5,991	(78,890)
Increase (decrease) in prepayments	(171,249)	132,669
Decrease (increase) in other current assets	115,696	(121,919)
Increase in other financial assets	(468,328)	(303,209)
Increase (decrease) in incremental costs to obtaining a contract	(26,529)	339,940
Total changes in operating assets	2,400,041	(14,308,778)
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	610,602	(1,227,100)
Increase (decrease) in notes payable	353	(1,534)
(Decrease) increase in accounts payable (include related parties)	(207,954)	311,951
(Decrease) increase in other payable	(436,370)	784,951
Increase (decrease) in other financial liabilities	97,894	(47,871)
Decrease in other current liabilities	(176,812)	(188,782)
Increase in net defined benefit liability	2	80
Total changes in operating liabilities	(112,285)	(368,305)
Total changes in operating assets and liabilities	2,287,756	(14,677,083)
Total adjustments	3,151,429	(16,154,426)
Cash inflow (outflow) generated from operations	7,660,711	(6,760,390)
Income taxes paid	(937,934)	(506,843)
Net cash flows from (used in) operating activities	6,722,777	(7,267,233)

(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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	2022	2021
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(3,456,844)	(1,655,621)
Proceeds from capital reduction of investments accounted for using equity method	18,000	-
Proceeds from disposal of non-current assets classified as held for sale	-	1,672,657
Acquisition of property, plant and equipment	(8,850)	(5,921)
Proceeds from disposal of property, plant and equipment	50,220	-
Acquisition of intangible assets	(7,371)	(6,525)
Acquisition of investment properties	(1,088,898)	-
Increase in other non-current assets	(59,976)	-
Interest received	29,212	9,522
Dividends received	110,428	23,931
Net cash flows from (used in) investing activities	(4,414,079)	38,043
Cash flows from (used in) financing activities:		
Increase in short-term loans	15,197,950	24,958,290
Decrease in short-term loans	(10,947,560)	(14,489,865)
Decrease in short-term notes and bills payable	(1,673,249)	(293,282)
Proceeds from issuing bonds	2,000,000	7,000,000
Repayments of bonds	(13,540)	(7,000,000)
Proceeds from long-term debt	2,042,000	500,000
Repayments of long-term debt	(552,228)	(1,820,370)
Payment of lease liabilities	(37,222)	(31,995)
Cash dividends paid	(6,171,566)	(2,581,927)
Payments to acquire treasury shares	-	(884,908)
Interest paid	(1,806,280)	(1,619,680)
Other financing activities	613,751	4,438,088
Net cash flows from financing activities	(1,347,944)	8,174,351
Net increase in cash and cash equivalents	960,754	945,161
Cash and cash equivalents at beginning of the year	7,488,210	6,543,049
Cash and cash equivalents at end of the year	\$ 8,448,964	7,488,210

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, 2022 and 2021

(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 14, 2023.

(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, 2022:

- 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”

(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, 2023, would not have a significant impact on its financial statements:

- 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”

HIGHWEALTH CONSTRUCTION CORP.
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- (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:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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”

HIGHWEALTH CONSTRUCTION CORP.
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- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(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”).

(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.

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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.
- (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.

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Notes to the Parent Company only Financial Statements

A liability is classified as current when

- (i) The Company expects to settle the liability in its normal operating cycle;
- (ii) The Company holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period;
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

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- 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.

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.

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Notes to the Parent Company only Financial Statements

4) Business model assessment

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

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("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.

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

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

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(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.

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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.

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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.

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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 and leasehold improvements	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.
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(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

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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.

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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.

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(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

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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 expects that (i) the financing components are not substantive to individual contract or (ii) the period between the transfer of the promised goods or services to the customer and payment by the customer does not exceed 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.

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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).

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- (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 Construciton Corp. for the years ended December 31, 2022 and 2021 for operating segments information.

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

In preparing theseparent 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.

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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, 2022	December 31, 2021
Bank overdrafts used for cash management purposes	\$ 3,219	2,167
Demand and time deposits	8,445,745	7,486,043
Cash and cash equivalent	\$ 8,448,964	7,488,210

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

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

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Stocks listed on domestic markets	\$ 265,237	272,854

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

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

(iii) Please refer to note 8 for the financial asset that had been pledged as collateral for bank borrowings for the years ended December 31, 2022 and 2021.

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

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:		
Unlisted Common Share	\$ 5,000	556,458

(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.

In 2022, the Company donated financial assets at fair value through other comprehensive income to related parties, please refer to note 7 (b) .The accumulated valuation gains of the aforementioned financial assets of \$541,340 thousand have been transferred from other equity interest to retained earnings.

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

(iii) As of December 31, 2022, and 2021, 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

	December 31, 2022	December 31, 2021
Note receivables	\$ 2,031,826	1,945,844
Accounts receivables	41,751	91,599
Less: loss allowance	7,672	7,672
	\$ 2,065,905	2,029,771

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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, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance Provision
Current	\$ 2,065,905	-	-
More than 365 days past due	7,672	100%	7,672
	\$ 2,073,577		7,672
	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

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

	For the years ended December 31	
	2022	2021
Balance on December 31(as opening balance)	\$ 7,672	7,672

As of December 31, 2022 and 2021, note receivables had been pledged as collateral, please refer to note 8.

(e) Inventories

	December 31, 2022	December 31, 2021
Properties and Land held for sale	\$ 9,118,528	10,036,525
Land held for construction sites	22,221,434	34,353,988
Construction in progress	75,666,116	63,989,505
Prepaid for land purchase	-	967,204
Total	\$ 107,006,078	109,347,222

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For the years ended December 31, 2022 and 2021, the inventory costs recognized as cost of goods sold were \$16,620,619 thousand and \$23,647,760 thousand, respectively, and there were no inventory impairment losses or reversals of inventory write-downs recognized for the years ended December 31, 2022 and 2021. For the years ended December 31, 2022 and 2021, the Company classified construction in progress and land held for sale that meet the definition of investment property and property, plant and equipment as investment property and property, plant and equipment due to the change in use of certain assets, please refer to note 6(k).

For the years ended December 31, 2022 and 2021, the Company has changed the usage of partial assets, and reclassified properties and land held for sale to construction in progress and investment property and property, plant and equipment according to definition, please refer to note 6(k).

For the years ended December 31, 2022 and 2021, construction in progress of the company is calculated using a capitalization rate 1.98% and 1.79%, respectively. For capitalized interest, please refer to note 6(y).

As of December 31, 2022 and 2021, 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. The contract amount for the disposal and sale-and-leaseback, as well as the selling price, amounted to \$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).

(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, 2022	December 31, 2021
Subsidiaries	\$ 11,900,907	8,185,352

(i) Subsidiaries

Please refer to consolidated financial statement of 2022.

Due to the organizational structure adjustment of the Company, the Board of Directors made a resolution on May 7, 2021, to acquire 100% of the common stocks of WELL RICH INTERNATIONAL CO., LTD., which was previously wholly owned by CHYI YUH CONSTRUCTION CO., LTD. in cash of \$145,621 thousand. On Jun 9, 2021, the Company acquired direct control over WELL RICH INTERNATIONAL CO., LTD.

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The Board of Directors made a resolution in 2022 to invest in BI CHIANG CO.,LTD., BO-YUAN CONSTRUCTION Co., Ltd., SHING FU FA CONSTRUCTION CO., LTD., WELL RICH INTERNATIONAL CO., LTD. and Ju Feng Hotel Management Consultant Co.,Ltd. with 150,000 thousand shares, 150,000 thousand shares, 25,000 thousand shares, 10,000 thousand shares, and 1,300 thousand shares, respectively. The price per share is \$10.

Resolution was passed during the general meeting of shareholders held in 2022 that CHYI YUH CONSTRUCTION CO., LTD. for the issuance at \$0.94 per share using retained earnings, respectively, with an amount totaling 33,500 thousand shares.

HIGHWEALTH PROPERTY MANAGEMENT CO., LTD. refund of capital reduction by \$18,000 thousand in 2022.

BO-YUAN CONSTRUCTION CO., LTD. resolved to eliminate loss by reducing capital by \$570,000 thousand in 2022.

The Board of Directors made a resolution in 2021 to invest in CHYI YUH CONSTRUCTION CO., LTD. and SHING FU FA CONSTRUCTION CO., LTD. with 150,000 thousand and 1,000 thousand shares, respectively. The price per share is \$10.

BO-YUAN CONSTRUCTION CO., LTD. resolved to eliminate losses by reducing capital by \$429,000 thousand in 2021

(ii) Guarantees

As of December 31, 2022 and 2021, 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 2022 and 2021.

The effects of the changes in shareholdings were as follows:

	For the years ended December 31	
	2022	2021
Carrying amount of non-controlling interest on acquisition	\$ 46,158	30,729
Consideration paid to non-controlling interests	(231,239)	(114,446)
Retained earnings	\$ (185,081)	(83,717)

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(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, 2022 and 2021, were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:				
Balance on January 1, 2022	\$ 247,050	219,368	55,155	521,573
Reclassification from inventories	33,346	32,051	-	65,397
Additions	-	-	8,850	8,850
Disposals	<u>(12,636)</u>	<u>(15,951)</u>	<u>(8,492)</u>	<u>(37,079)</u>
Balance on December 31, 2022	<u>\$ 267,760</u>	<u>235,468</u>	<u>55,513</u>	<u>558,741</u>
Balance on January 1, 2021	\$ 247,050	217,982	53,920	518,952
Additions	-	1,386	4,535	5,921
Disposals	<u>-</u>	<u>-</u>	<u>(3,300)</u>	<u>(3,300)</u>
Balance on December 31, 2021	<u>\$ 247,050</u>	<u>219,368</u>	<u>55,155</u>	<u>521,573</u>
Depreciation and impairments loss:				
Balance on January 1, 2022	\$ -	65,709	30,708	96,417
Depreciation	-	6,773	9,386	16,159
Disposals	<u>-</u>	<u>(769)</u>	<u>(8,468)</u>	<u>(9,237)</u>
Balance on December 31, 2022	<u>\$ -</u>	<u>71,713</u>	<u>31,626</u>	<u>103,339</u>
Balance on January 1, 2021	\$ -	57,879	23,497	81,376
Depreciation	-	7,830	10,411	18,241
Disposals	<u>-</u>	<u>-</u>	<u>(3,200)</u>	<u>(3,200)</u>
Balance on December 31, 2021	<u>\$ -</u>	<u>65,709</u>	<u>30,708</u>	<u>96,417</u>
Carrying amounts:				
Balance on December 31, 2022	<u>\$ 267,760</u>	<u>163,755</u>	<u>23,887</u>	<u>455,402</u>
Balance on December 31, 2021	<u>\$ 247,050</u>	<u>160,103</u>	<u>30,423</u>	<u>437,576</u>
Balance on January 1, 2021	<u>\$ 247,050</u>	<u>153,659</u>	<u>24,447</u>	<u>425,156</u>

As of December 31, 2022 and 2021, the property, plant and equipment of the Company had been pledged as collateral for bank borrowings, please refer to note 8.

HIGHWEALTH CONSTRUCTION CORP.
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(j) Right-of-use assets

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2022	\$ -	59,062	-	59,062
Additions	-	5,889	-	5,889
Balance on December 31, 2022	<u>\$ -</u>	<u>64,951</u>	<u>-</u>	<u>64,951</u>
Balance on January 1, 2021	\$ 4,853	-	1,886	6,739
Additions	-	59,062	-	59,062
Lease Improvement	(4,853)	-	(1,886)	(6,739)
Balance on December 31, 2021	<u>\$ -</u>	<u>59,062</u>	<u>-</u>	<u>59,062</u>
Depreciation and impairment losses:				
Balance on January 1, 2022	\$ -	10,738	-	10,738
Depreciation for the year	-	12,702	-	12,702
Balance on December 31, 2022	<u>\$ -</u>	<u>23,440</u>	<u>-</u>	<u>23,440</u>
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>
Carrying amounts:				
Balance on December 31, 2022	<u>\$ -</u>	<u>41,511</u>	<u>-</u>	<u>41,511</u>
Balance on January 1, 2021	<u>\$ 1,427</u>	<u>-</u>	<u>-</u>	<u>1,427</u>
Balance on December 31, 2021	<u>\$ -</u>	<u>48,324</u>	<u>-</u>	<u>48,324</u>

(k) Investment Property

	<u>Self-owned property</u>				<u>Right-of-use assets</u>	<u>Total</u>
	<u>Land and improvement</u>	<u>Buildings and construction</u>	<u>Other equipment</u>	<u>Investment property constructed in progress</u>		
Cost or deemed cost:						
Balance on January 1, 2022	\$ 3,231,866	2,937,960	50,139	540,772	21,439	6,782,176
Additions	-	-	-	1,123,340	-	1,123,340
Transfer from inventory	221,019	209,691	-	-	-	430,710
Disposals	-	-	(73)	-	-	(73)
Balance on December 31, 2022	<u>\$ 3,452,885</u>	<u>3,147,651</u>	<u>50,066</u>	<u>1,664,112</u>	<u>21,439</u>	<u>8,336,153</u>
Balance on January 1, 2021	\$ 2,121,836	2,022,034	-	-	-	4,143,870
Reclassification from inventories	-	-	-	-	21,439	21,439
Reclassification from inventories	1,110,030	915,926	50,139	540,772	-	2,616,867
Balance on December 31, 2021	<u>\$ 3,231,866</u>	<u>2,937,960</u>	<u>50,139</u>	<u>540,772</u>	<u>21,439</u>	<u>6,782,176</u>

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	Self-owned property			Investment property constructed in progress	Right-of-use assets	Total
	Land and improvement	Buildings and construction	Other equipment			
Depreciation and impairments loss:						
Balance on January 1, 2022	\$ 40,818	267,314	-	-	1,276	309,408
Depreciation	-	60,044	16,713	-	3,063	79,820
Disposals	-	-	(19)	-	-	(19)
Balance on December 31, 2022	<u>\$ 40,818</u>	<u>327,358</u>	<u>16,694</u>	<u>-</u>	<u>4,339</u>	<u>389,209</u>
Balance on January 1, 2021	\$ 40,818	226,241	-	-	-	267,059
Depreciation	-	41,073	-	-	1,276	42,349
Balance on December 31, 2021	<u>\$ 40,818</u>	<u>267,314</u>	<u>-</u>	<u>-</u>	<u>1,276</u>	<u>309,408</u>
Carrying amounts:						
Balance on December 31, 2022	<u>\$ 3,412,067</u>	<u>2,820,293</u>	<u>33,372</u>	<u>1,664,112</u>	<u>17,100</u>	<u>7,946,944</u>
Balance on December 31, 2021	<u>\$ 2,081,018</u>	<u>1,795,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,876,811</u>
Balance on January 1, 2021	<u>\$ 3,191,048</u>	<u>2,670,646</u>	<u>50,139</u>	<u>540,772</u>	<u>20,163</u>	<u>6,472,768</u>
Fair value:						
Balance on December 31, 2022						<u>\$ 9,452,032</u>
Balance on December 31, 2021						<u>\$ 6,964,320</u>

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.

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., which is expected to be leased out under operating leases and calculated using the interest rate of 1.98% and 1.79% in 2022 and 2021, respectively. Please refer to note 7 for more information.

As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
Other current financial assets	\$ 9,318,709	9,489,284
Current incremental costs of obtaining a contract-current	1,641,114	1,614,585
Other non-current financial assets	<u>3,801,981</u>	<u>3,776,164</u>
	<u>\$ 14,761,804</u>	<u>14,880,033</u>

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(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, 2022 and 2021, the Company recognized \$515,867 thousand and \$1,083,110 thousand of selling expenses, respectively.

(iii) As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
Unsecured bank loans	\$ 10,037,333	5,233,333
Secured bank loans	63,247,595	63,609,205
Less : Syndicated Loan Expense	(17,815)	(9,816)
Total	\$ 73,267,113	68,832,722
Range of interest rates	1.70%~3.25%	1.20%~2.00%

(i) The issue of bank loan and repayment

For the years ended December 31, 2022 and 2021, the incremental amounts are \$15,197,950 thousand and \$24,958,290 thousand, respectively; the repayment amounts are \$10,947,560 thousand and \$14,489,865 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, 2022	
	Guarantee or acceptance institute	Range of interest rate
Commercial paper payable	Financial institute	1.548%~2.838%
Less: Discount on short-term notes and bills payable		\$ 3,022,200
Total		\$ 3,010,189

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	December 31, 2021		
	Trust 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			<u>\$ 4,683,438</u>

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, 2022			
	Currency	Range of interest rate	Maturity	Amount
Secured bank loans	TWD	2.18%~2.57%	2024~2038	\$ 3,785,502
Less: current portion				(70,929)
Total				<u>\$ 3,714,573</u>

	December 31, 2021			
	Currency	Range of interest rate	Maturity	Amount
Secured bank loans	TWD	1.55%~1.94%	2021~2038	\$ 2,487,730
Less: current portion				(98,310)
Total				<u>\$ 2,389,420</u>

(i) The issue of bank loan and repayment

The amount issued for the years ended December 31, 2022 and 2021 are \$2,042,000 thousand and \$500,000 thousand, respectively; the repayment amounts are \$552,228 thousand and \$1,820,370 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.

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(p) Bonds payable/ current portion of bonds payable

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured ordinary corporate bonds - current	\$ 2,489,554	-
Secured convertible bond -current	-	6,332,175
Secured ordinary corporate bond- non-current	<u>13,911,921</u>	<u>14,406,358</u>
Total	<u>\$ 16,401,475</u>	<u>20,738,533</u>

(i) The Company issued the secured ordinary corporate bonds amounting to \$2,000,000 thousand, \$3,000,000 thousand, \$4,000,000 thousand, \$5,000,000 thousand, and \$2,500,000 thousand, with an interest rate of 0.90%, 0.55%, 0.50%~0.52%, 0.53%, and 0.90% respectively, and in April 2022, September 2021, January 2021, December 2020, and May 2018. The secured ordinary corporate bonds were issued for 3 to 5 years, interest paid annually, repayment of principal at maturity. The repayment amounts for the year ended December 31, 2021, are \$7,000,000 thousand.

(ii) The Company's details of secured convertible bonds were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured convertible bonds	\$ 10,577,820	10,577,820
Discount on bonds payable-unamortized amount	-	(47,097)
Accumulated convertible amount	(10,564,280)	(4,198,548)
Repayment of principal at maturity	<u>(13,540)</u>	<u>-</u>
Ending balance: bonds payable	<u>\$ -</u>	<u>6,332,175</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 terms.
- 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%).

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- 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 face value of the bond (the real yield is 1.25%). On June 8, 2022, the Company's convertible bonds expired.
- (iii) Please refer to the note 6(y) for the interest expense for the years ended December 31, 2022 and 2021. For the details of collateral of secured convertible bonds and bonds payable, please refer to note 8.
- (q) Lease liabilities

The carrying amount of lease liabilities were as follows :

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current	\$ <u>40,905</u>	<u>37,933</u>
Non-current	\$ <u>109,680</u>	<u>143,985</u>

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

The amounts recognized in profit or loss were as follows :

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>3,087</u>	<u>2,729</u>
Expenses relating to short-term and low-value leases	\$ <u>45,772</u>	<u>69,673</u>

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

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>86,081</u>	<u>104,397</u>

- (i) Real estate leases

As of December 31, 2022 and 2021, 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.

HIGHWEALTH CONSTRUCTION CORP.
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(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 Company recognized the gains to the rights transferred of the sale and leaseback. Please refer to note 6 (y).

(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, 2022	December 31, 2021
Less than one year	\$ 119,775	73,223
One to two years	86,212	60,389
Two to three years	74,743	53,379
Three to four years	67,021	46,182
Four to five years	<u>60,506</u>	<u>23,921</u>
Total undiscounted lease payments	<u>\$ 408,257</u>	<u>257,094</u>

For the years ended December 31, 2022 and 2021, rental income from investment properties were \$123,325 thousand and \$79,172 thousand, respectively.

(s) Employee benefits

(i) Defined benefit plans

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

	December 31, 2022	December 31, 2021
The present value of defined benefit plans	\$ 54,895	55,411
Fair value of plan asset	<u>(32,783)</u>	<u>(30,462)</u>
Net defined benefit liability	<u>\$ 22,112</u>	<u>24,949</u>

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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 \$32,783 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	For the years ended December 31	
	2022	2021
Defined benefit obligations at January 1	\$ 55,411	65,223
Current service cost and interest	346	834
Remeasurement of net define benefit liabilities (assets)		
— Return on plan assets excluding interest income	(53)	322
— Actuarial loss -arising from demographic assumptions	-	(10,968)
Benefits paid	(809)	-
Defined benefit obligations at December 31	<u>\$ 54,895</u>	<u>55,411</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, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Fair value of plan asset January 1	\$ 30,462	29,347
Remeasurement of net defined benefit liabilities (assets)		
— Return on plan assets (excluding interest income)	2,364	335
Amount that has been allocated to the plan	574	595
Expected return on plan asset	192	185
Benefits paid	(809)	-
Fair value of plan assets, December 31	<u>\$ 32,783</u>	<u>30,462</u>

HIGHWEALTH CONSTRUCTION CORP.
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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	
	2022	2021
Current service cost	\$ -	427
Net interest of net liabilities for defined benefit obligations	154	222
	\$ 154	649
Administration expense	\$ 154	649

5) Actuarial valuations

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

	2022.12.31	2021.12.31
Discount rate	1.500 %	0.625 %
Future salary increase rate	3.00 %	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 \$586 thousand.

The weighted average lifetime of the defined benefit plans is 9.30 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:

	Defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2022		
Discount rate (0.25% difference)	\$ (1,005)	1,032
Future salary increase rate (0.25% difference)	987	(967)
December 31, 2021		
Discount rate (0.25% difference)	(1,156)	1,189
Future salary increase rate (0.25% difference)	1,142	(1,116)

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 2022 and 2021.

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(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, 2022 and 2021 amounted to \$11,076 thousand and \$10,769 thousand, respectively.

(t) Income tax

(i) Income tax expenses

The components of income tax expenses for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Current tax expense		
Current period	\$ 717,693	975,997
Land value increment tax	50,237	239,092
Adjustment for prior periods	354	(7,921)
Tax expense	\$ 768,284	1,207,168

The reconciliation of tax expense and income before tax for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31	
	2022	2021
Income before tax	\$ 4,509,282	9,394,036
Income tax expense at domestic statutory tax rate	901,856	1,878,807
Land tax exempt income	(124,922)	(537,297)
Book –tax difference between recognition time	129,708	156,037
Book –tax difference of capitalization	(87,486)	(72,008)
Profit or loss from investment accounted for using equity method	(78,202)	40,269
Book –tax difference between deferred sales commission	6,663	(5,701)
Land value increment tax	50,237	239,092
Financial assets measured at fair value through profit and loss	1,523	(511)
Realized loss from investment	(131,742)	(108,269)
Unrealized profit or loss from associated company	(8,020)	(297,349)
Adjustment for prior periods	354	(7,921)
Others	108,315	(77,981)
Total	\$ 768,284	1,207,168

HIGHWEALTH CONSTRUCTION CORP.
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(ii) Deferred tax asset and liability recognized

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax assets:

	Investment property impairment	Others	Total
Balance on January 1, 2022	\$ 11,242	3,302	14,544
Balance on December 31, 2022	\$ 11,242	3,302	14,544
Balance on January 1, 2021	\$ 11,242	3,302	14,544
Balance on December 31, 2021	\$ 11,242	3,302	14,544

Deferred tax liabilities:

	Others
Balance on January 1, 2022	\$ 340
Balance on December 31, 2022	\$ 340
Balance on January 1, 2021	\$ 340
Balance on December 31, 2021	\$ 340

(iii) The Company's income tax had been examined by the tax authorities till 2020.

(u) Capital and other equity

As of December 31, 2022 and 2021, 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 \$17,146,741 thousand and \$13,927,531 thousand, respectively.

(i) Ordinary shares

Reconciliation of shares outstanding during 2022 and 2021 was as follows:

	Ordinary Shares	
	2022	2021
Balance on January 1	1,392,753	1,290,297
Capital increase by retained earning	154,289	-
Convertible bonds transfer	167,632	102,456
Balance on December 31	1,714,674	1,392,753

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A resolution was passed during the general meeting of shareholders held on June 14, 2022, for the issuance new shares by retained earnings and capital surplus, amounting to \$1,542,891 thousand per 1,000 shares. The Company had received approval from the Financial Supervisory Commission for this capital increase on July 28, 2022. And a resolution was passed during the board meeting, to set September 26, 2022 , and October 2, 2022 as the ex-rights date and the base date for the capital increase, and the registration was completed on October 14, 2022.

For the years ended December 31, 2022 and 2021, due to the convertible bondholders' exercised the convert option, the Company issued 167,632 thousand new shares and 102,456 thousand new shares, respectively, at par value, amounting to \$1,676,319 thousand and \$1,024,562 thousand, respectively. The relevant legal registration procedures had been completed.

(ii) Capital surplus

The balance of capital surplus as of December 31, 2022 and 2021, were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Treasury share transactions	\$ 608,590	491,130
Difference arising from subsidiary's equity	34,675	33,858
Conversion premium of convertible bonds	7,747,840	3,073,117
Capital surplus-premium from merger	62	62
Donation from shareholders	3,284	3,284
Other	<u>13,743</u>	<u>8,357</u>
	<u>\$ 8,408,194</u>	<u>3,609,808</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, 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.

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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.

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

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the board meeting on Apr 6, 2022 and Mar 19, 2021, as well as the shareholders' meeting on Jun 14, 2022 and Aug 13, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2021		2020	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 4.01	6,171,566	2.00	2,581,927
Stock dividends	1.00	<u>1,542,891</u>	-	<u>-</u>
Total		<u>\$ 7,714,457</u>		<u>2,581,927</u>

(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.

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- 2) Prior to Company ACT amendment in 2001, Subsidiaries of the Company, Ju Feng Hotel Management Consultant Co.,Ltd., HIGHWEALTH PROPERTY MANAGEMENT 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. As of December 31, 2022 and 2021, the market price per share were \$40.30 and \$46.25, respectively.

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

<u>Subsidiary</u>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Shares (thousand)</u>	<u>Book value</u>	<u>Shares (thousand)</u>	<u>Book value</u>
Ju Feng Hotel Management Consultant Co.,Ltd.	5,037	\$ 1,733	4,578	1,733
HIGHWEALTH PROPERTY MANAGEMENT CO., LTD.	9,736	10,850	8,849	10,850
CHYI YUH CONSTRUCTION CO., LTD.	3,020	-	2,745	-
RUN LONG CONSTRUCTION CO., LTD.	14,462	79,729	13,145	76,292
	<u>32,255</u>	<u>\$ 92,312</u>	<u>29,317</u>	<u>88,875</u>

- (v) Other equity items

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Total</u>
Balance on January 1, 2022	\$ 221	538,526	538,747
Exchange differences on foreign operations	47	-	47
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,814	2,814
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(541,340)	(541,340)
Balance on December 31, 2022	<u>\$ 268</u>	<u>-</u>	<u>268</u>
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>

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(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 2022 and 2021 were \$3,740,998 thousand and \$8,186,868 thousand, respectively, and both the weighted average number of ordinary shares outstanding for 2022 and 2021 were 1,636,197 thousand and 1,419,694 thousand shares, respectively, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 3,740,998</u>	<u>8,186,868</u>

2) Weighted-average number of ordinary shares

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Ordinary shares outstanding on January 1	1,392,753	1,290,297
Effect of treasury stock	(52,254)	(45,472)
Effect of conversion of convertible bonds	141,409	20,580
Effect of stock dividends	<u>154,289</u>	<u>154,289</u>
Weighted-average number of ordinary shares on December 31	<u>1,636,197</u>	<u>1,419,694</u>

(ii) Diluted earnings per share

The Company's diluted earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2022 and 2021 were \$3,754,605 thousand and \$8,273,870 thousand respectively. After adjusting the effect of dilution of ordinary share, the weighted average number of ordinary shares for 2022 and 2021 were 1,664,143 thousand and 1,671,179 thousand shares, respectively. The related calculations are as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 3,754,605</u>	<u>8,273,870</u>

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2) Weighted-average number of ordinary shares (diluted)

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Weighted-average number of ordinary shares (basic)	1,636,197	1,419,694
Effect of conversion of convertible bonds	26,761	250,020
Effect of employee share bonus	<u>1,185</u>	<u>1,465</u>
Weighted-average number of ordinary shares (diluted) on December 31	<u><u>1,664,143</u></u>	<u><u>1,671,179</u></u>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Primary geographical markets:		
Taiwan	<u>\$ 23,785,809</u>	<u>34,035,323</u>
Major products/services lines:		
Sales of real estate	\$ 23,660,237	33,952,426
Other revenue	<u>125,572</u>	<u>82,897</u>
	<u><u>\$ 23,785,809</u></u>	<u><u>34,035,323</u></u>
Timing of revenue recognition:		
Revenue transferred at a point in time	\$ 125,572	82,897
Products and services transferred over time	<u>23,660,237</u>	<u>33,952,426</u>
	<u><u>\$ 23,785,809</u></u>	<u><u>34,035,323</u></u>

(ii) Contract balances

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>January 1,</u> <u>2021</u>
Contract liabilities-sales of real estate	\$ 7,011,892	6,405,472	7,944,933
Contract liabilities-advance receipt	<u>11,814</u>	<u>7,632</u>	<u>4,044</u>
Total	<u><u>\$ 7,023,706</u></u>	<u><u>6,413,104</u></u>	<u><u>7,948,977</u></u>

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, 2022 and 2021, that was included in the contract liability balance at the beginning of the period were \$3,263,429 thousand and \$4,363,973 thousand, respectively.

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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, 2022 and 2021.

(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, 2022 and 2021, the Company estimated its employee remuneration amounting to \$38,000 thousand and \$60,000 thousand, and directors' and supervisors' remuneration amounting to \$8,000 thousand and \$11,000 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 2022 and 2021. 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 2022 and 2021.

(y) Non-operating income and expense

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2022	2021
Interest income	\$ 28,474	9,427
Others	1,403	106
	\$ 29,877	9,533

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2022	2021
Contract termination income	\$ 16,737	4,470
Dividend income	26,882	-
Others	44,287	29,222
	\$ 87,906	33,692

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(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2022	2021
Gains (losses) on disposal of property, plant and equipment	\$ 22,378	(100)
Losses (gains) on disposal of investment properties	(54)	245,982
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(7,617)	2,556
Gains to the rights transferred of the sale and leaseback	-	870,373
Other expenses	(37,097)	(2,185)
	\$ (22,390)	1,116,626

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2022	2021
Interest expense		
Bank loans and collateral	\$ 1,746,712	1,489,169
Amortization on discounted corporate bond	20,365	112,094
Interest on corporate bond	97,066	107,760
Other finance costs	3,087	2,729
Less: capitalized interest	(1,169,999)	(853,649)
	\$ 697,231	858,103

(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.

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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, 2022(as opening balance)	\$ 8,235
Balance on December 31, 2021(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, 2022				
Non derivative financial liabilities:				
Secured loans	\$ 72,502,329	5,713,502	49,707,334	17,081,493
Unsecured loans	10,253,282	8,401,239	1,852,043	-
Short-term investment payables	3,022,200	3,022,200	-	-
Ordinary corporate bonds (including current portion)	16,769,022	2,590,510	14,178,512	-
Notes payable, accounts payable and other payables	3,915,280	3,868,818	45,934	528
Lease liability	156,369	41,310	110,022	5,037
	\$ 106,618,482	23,637,579	65,893,845	17,087,058
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 bond (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	138,698	13,671
	\$ 105,647,725	31,089,523	73,552,944	1,005,258

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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 \$400,314 thousand and \$380,019 thousand for the years ended December 31, 2022 and 2021, with another variable factors remaining constant. Considering that capitalized interest of profit may decrease or increase by \$149,479 thousand and \$190,504 thousand. This is mainly due to the Company's borrowing at variable rates.

3) Other market price risk

For the years ended December 31, 2022 and 2021, 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			
	2022		2021	
Prices of securities at the reporting date	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (net of tax)	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (net of tax)
Increase 10%	\$ 500	26,524	55,646	27,285
Decrease 10%	\$ (500)	(26,524)	(55,646)	(27,285)

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(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, 2022				
	Book Value	Fair Value			Total
		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	\$ 265,237	265,237	-	-	265,237
Financial assets at fair value through other comprehensive income					
Stocks in unlisted company	\$ 5,000	-	5,000	-	5,000
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 8,448,964	-	-	-	-
Notes and accounts receivable	2,065,905	-	-	-	-
Other financial assets - current	9,318,709	-	-	-	-
Other financial assets - non-current	3,801,981	-	-	-	-
Subtotal	\$ 23,635,559	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term loans	\$ 73,267,113	-	-	-	-
Short-term investment payables	3,010,189	-	-	-	-
Notes payable, accounts payable and other payables	3,915,280	-	-	-	-
Lease liabilities	150,585	-	-	-	-
Other financial liabilities- current	226,291	-	-	-	-
Corporate bonds payable (Current portions)	16,401,475	-	-	-	-
Long-term loans (Current portions)	3,785,502	-	-	-	-
Subtotal	\$ 100,756,435	-	-	-	-

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	December 31, 2021				
	Book Value	Fair Value			Total
		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	20,738,533	-	-	-	-
Long-term loans (Current portions)	2,487,730	-	-	-	-
Subtotal	\$ 101,566,790	-	-	-	-

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.

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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 2022 and 2021. There is no transfer between first and second level measured at fair value in 2022 and 2021.

(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.

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(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, 2022 and 2021, 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.

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(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 2022, the Company's capital management strategy is consistent with the prior year as of 2021. 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, 2022, were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total liabilities	\$ 108,745,889	109,294,883
Less: cash and cash equivalents	<u>(8,448,964)</u>	<u>(7,488,210)</u>
Net debt	100,296,925	101,806,673
Total Equity	<u>44,584,107</u>	<u>40,723,869</u>
Total adjusted capital	<u>\$ 144,881,032</u>	<u>142,530,542</u>
Debt-to-equity ratio	<u>69.23%</u>	<u>71.43%</u>

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(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>
CHYI YUH CONSTRUCTION CO., LTD.	Subsidiary company
Ju Feng Hotel Management Consultant 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
GUANGYANG INVESTMENT CONSTRUCTION CO., LTD.	Subsidiary company
WELL RICH INTERNATIONAL CO., LTD.	Subsidiary company
QUANXIANG TRADING (SHANGHAI) CO., LTD.	Subsidiary company
XINGFUYU TRADING (XIAMEN) CO., LTD.	Subsidiary company
RUN LONG CONSTRUCTION CO., LTD.	Subsidiary company
YEH KEE ENTERPRISE CO., LTD.	Subsidiary company
BI CHIANG CO., LTD.	Subsidiary company
SHING FU FA CONSTRUCTION CO., LTD.	Subsidiary company
Taichung Highwealth Culture and Art Foundation	Same president with the Company
○○, Fan	Director of the Company
○○, Chen	Key management personnel of the Company
○○, Huang	Family of the key management personnel of the Company
○○, Lin	Key management personnel of the subsidiary
○○, Tsai	Key management personnel of the subsidiary
○○, Lu	Key management personnel of the subsidiary
○○, Miao	Key management personnel of the subsidiary

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(b) Significant transactions with related parties

(i) Operating revenue

Significant selling amount to related parties and the remaining balance were as follows:

	<u>Recognized revenue in current period</u>		<u>Advanced payment</u>	
	<u>For the years ended December 31</u>		<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>
○○, Chen	\$ -	-	819	543
○○, Fan	12,920	-	-	2,543
○○, Lin	-	-	1,124	1,124
○○, Huang	-	-	1,300	1,070
○○, Lu	-	-	2,880	2,800
○○, Tsai	886	-	-	-
○○, Miao	-	-	5,389	-
	<u>\$ 13,806</u>	<u>-</u>	<u>11,512</u>	<u>8,080</u>

As of December 31, 2022 and 2021, the real estate sold to related parties amounted to \$67,350 thousand and \$39,150 thousand (including tax), respectively, based on the contracts. Sales prices are in accordance with the employee purchase policy, and conditions for related parties and the contracts mentioned above were not different from those for unrelated parties.

(ii) Purchase

Significant purchasing amount to related parties and the remaining balance were as follows:

	<u>Purchasing</u>		<u>Accumulated amount</u>	
	<u>For the years ended December 31</u>			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Subsidiary:				
CHYI YUH CONSTRUCTION CO., LTD.	\$ 7,777,590	7,771,597	17,941,413	18,389,231
JIN JYUN CONSTRUCTION CO., LTD.	-	660,444	-	4,693,451
Other subsidiaries	-	84,212	-	84,212
	<u>\$ 7,777,590</u>	<u>8,516,253</u>	<u>17,941,413</u>	<u>23,166,894</u>

There were no significant difference of the price and conditions for related parties and ordinary contract mentioned above.

Note: Among the purchases in 2022 and 2021, \$1,040,673 thousand and \$511,566 thousand are Investment real estate under construction.

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(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, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Subsidiaries	\$ 10,670	8,436
Other receivables (other financial assets-current)	Subsidiaries	1,894	6,127
		<u>\$ 12,564</u>	<u>14,563</u>

(iv) Prepayments

The details of prepayments from related parties were as follows:

<u>Accounted items</u>	<u>Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayments	Subsidiaries	<u>\$ 3,630</u>	<u>3,180</u>

(v) Payables to related parties

The payables to related parties were as follows:

<u>Accounted items</u>	<u>Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Subsidiaries:		
	CHYI YUH CONSTRUCTION CO., LTD.	\$ 1,342,413	1,418,380
	JIN JYUN CONSTRUCTION CO., LTD.	-	96,679
"	Subsidiaries	16,256	57,729
Other payables	Subsidiaries	<u>25,112</u>	<u>25,459</u>
		<u>\$ 1,383,781</u>	<u>1,598,247</u>

(vi) Contract liabilities

The details of contract liabilities from related parties were as follows:

<u>Categories</u>	<u>Note</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries	Unearn rents and administration fees	<u>\$ 5,833</u>	<u>5,847</u>

(vii) Guarantees

The Company provided guarantees to subsidiary company. As of December 31, 2022 and 2021, the guarantee ceiling was \$16,059,000 thousand and \$13,496,000 thousand, respectively, and the amount of \$10,216,173 thousand and \$6,575,000 thousand has been used, respectively, and property pledged for guarantees and endorsements amount was \$1,248,000 thousand and \$198,000 thousand, respectively.

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Subsidiaries provided land for guarantees to the Company. As of December 31, 2022 and 2021, the guarantee ceiling and used was \$1,907,700 thousand.

(viii) Others

- 1) The Details of the Company renting offices from related parties is as follows:

	<u>Guarantee deposit paid</u>		<u>Rental expense</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>For the years ended December 31</u>	
			<u>2022</u>	<u>2021</u>
Subsidiaries	\$ <u>1,614</u>	<u>1,614</u>	<u>11,302</u>	<u>10,509</u>

- 2) Recognizing rental revenue due to renting offices to related parties:

	<u>Guarantee deposit received</u>		<u>Rental Revenue</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>For the years ended December 31</u>	
			<u>2022</u>	<u>2021</u>
Subsidiaries	\$ <u>5,956</u>	<u>956</u>	<u>29,968</u>	<u>8,079</u>

- 3) Recognizing other income due to signing entrusted administration contract with related parties:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ <u>8,886</u>	<u>4,843</u>

- 4) Paying consulting and service fee to related parties for selling real estate on consignment:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary company – Ju Feng Hotel Management Consultant Co.,Ltd.	\$ <u>75,598</u>	<u>78,400</u>

- 5) Paying administration expense to related parties for administrating constructing site:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ <u>9,831</u>	<u>6,477</u>

- 6) The related expense about selling activities with related parties as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ <u>11,428</u>	<u>6,476</u>

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- 7) As of December 31, 2022 and 2021, cooperation cases with related parties were as follows:

<u>Case Name</u> <u>December 31, 2022</u>	<u>Categories</u>	<u>Type</u>	<u>Security</u>
Buo Shao Section	Landowner-subsiary company-YEH KEE ENTERPRISE CO., LTD.	Cooperation cases	Refundable deposit \$143,150
Buo Shao Section	Landowner-subsiary company-BI CHIANG CO., LTD.	Cooperation cases	Refundable deposit 122,140
Wu Fu Section	Builder-subsiary company-BO-YUAN CONSTRUCTION CO., LTD.	Joint investment	Guarantee deposit 25,000
Middle Road	"	Cooperation cases	Refundable deposit 100,000
Fifth class	"	"	Guarantee deposit 7,250,000
Hui An Fourth	Builder-subsiary company-RUN LONG CONSTRUCTION CO., LTD.	"	Refundable deposit 100,000
"	"	"	Guarantee deposit 200,000
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-BI CHIANG CO., LTD.	Cooperation cases	Refundable deposit 127,500
Guo Mao 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	Guarantee deposit 100,000
"	"	"	Guarantee deposit 200,000

- 8) Performance bond received from related parties for contract work:

	December 31, 2022	December 31, 2021
Subsidiaries	<u>\$ 200,311</u>	<u>174,778</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, 2022 and 2021, other payables are both 5 million dollars.

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Notes to the Parent Company only Financial Statements

- 10) The Company acquired 100% of common stocks of WELL RICH INTERNATIONAL CO., LTD. from its subsidiary, CHYI YUH CONSTRUCTION CO., LTD., for \$145,621 thousand. As of December 31, 2021, transactions were entirely completed.
- 11) In 2021, the Company bought gift certificates from BO-YUAN CONSTRUCTION CO., LTD., for \$280 thousand respectively.
- 12) In 2021 and 2020, the Company donated 713 thousand shares (which had a book value of \$554,272 thousand) of Li Shuo Investment Co., Ltd., \$21,246 thousand and \$473 thousand, respectively, to Taichung Highwealth Culture and Art Foundation for its promotion and development.

(c) Key management personnel transactions

<u>For the years ended December 31</u>	
<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ <u>48,218</u> <u>81,072</u>

(8) Pledged assets:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets at FVTPL	Mortgage	\$ 177,600	182,700
Notes receivable	Mortgage	1,316,466	1,157,394
Inventories (construction)	Mortgage, issuing commercial paper and bonds payable	87,759,106	88,143,178
Other financial assets- current and non-current	Mortgage, issuing commercial paper, performance bond, real estate trust account, and bonds payable	11,900,780	11,636,136
Investment accounted for using equity method	Mortgage	89,383	1,351,107
Property, plant and equipment	Mortgage and bonds payable	431,515	372,800
Investment property at net value	Mortgage, issuing commercial paper, and bonds payable	7,513,890	4,763,671
		<u>\$ 109,188,740</u>	<u>107,606,986</u>

As of December 31, 2022 and 2021, the book value of pledged assets providing undrawn guaranteed loan are \$0 and \$1,482,026 thousand, respectively.

For the years ended December 31, 2022 and 2021, the Company provided notes receivable of presale cases \$1,599,580 thousand, and \$3,277,998 thousand, respectively, as collateral for the bank loans.

HIGHWEALTH CONSTRUCTION CORP.
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(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

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

	December 31, 2022	December 31, 2021
Amount of signed contracts	\$ 74,693,851	76,730,166
Received amount from contracts	\$ 7,011,892	6,405,472
Outstanding checks received from presale cases	\$ 5,234,386	6,117,659

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

	December 31, 2022	December 31, 2021
Acquisition of inventory (construction)	\$ -	2,273,820

(b) Others

(i) As of December 31, 2022 and 2021 the refundable deposit paid for cooperation and urban renewal cases are \$985,676 thousand and \$1,234,289 thousand, respectively. For the partial above-mentioned joint construction projects, the Company committed to provide a certain minimum recovery amount for the houses allocated by the landowners, and will settle the amount on the date agreed by both parties.

(ii) On February 8, 2022, the parent company entered into an agreement with Kaohsiung City Government for the (urban renewal project) and 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: None

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(12) Other:

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

By item	By function	For the year ended December 31					
		2022			2021		
		Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits							
Salary		\$ -	425,132	425,132	-	402,322	402,322
Labor and health insurance		-	29,527	29,527	-	27,563	27,563
Pension		-	11,230	11,230	-	11,418	11,418
Remuneration of directors		-	15,518	15,518	-	19,716	19,716
Others		-	-	-	-	-	-
Depreciation		79,820	28,861	108,681	41,073	31,682	72,755
Depletion		-	-	-	-	-	-
Amortization		-	6,065	6,065	-	5,540	5,540

For the years ended December 31, 2022 and 2021, the information on the number of employees and employee benefit expense of the Company is as follows :

	<u>2022</u>	<u>2021</u>
Number of employees	<u>307</u>	<u>322</u>
Number of directors who were not employees	<u>4</u>	<u>4</u>
The average employee benefit	<u>\$ 1,538</u>	<u>1,388</u>
The average salaries and wages	<u>\$ 1,403</u>	<u>1,265</u>
Percentage of average employee salary expense	<u>10.91 %</u>	<u>19.23 %</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.
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- (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.

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The company	Chyi Yuh Construction Co., Ltd.	2	\$ 44,584,107	8,846,000	7,846,000	5,239,000	-	17.60 %	89,168,214	Y	N	N
0	The company	Bo-yuan Construction Co., Ltd.	2	44,584,107	3,528,000	3,528,000	1,810,000	1,248,000	7.91 %	89,168,214	Y	N	N
0	The company	Well Rich International Co., Ltd.	2	44,584,107	640,000	440,000	-	-	0.99 %	89,168,214	Y	N	N
0	The Company	BI CHIANG CO., LTD.	2	44,584,107	4,145,000	4,145,000	3,145,000	-	9.30 %	89,168,214	Y	N	N
0	The Company	SHING FU FA CONSTRUCTION CO., LTD.	2	44,584,107	200,000	100,000	22,173	-	0.22 %	89,168,214	Y	N	N
1	YEH KEE ENTERPRISE CO., LTD.	The Company	3	44,584,107	1,907,700	1,907,700	1,907,700	1,907,700	4.28 %	89,168,214	N	Y	N
2	CHYI YUH CONSTRUCTION CO., LTD.	BI CHIANG CO., LTD.	4	44,584,107	550,000	-	-	-	- %	89,168,214	N	N	N
3	BI CHIANG CO., LTD.	BO-YUAN CONSTRUCTION CO., LTD.	4	44,584,107	1,000,000	1,000,000	500,000	500,000	2.24 %	89,168,214	N	N	N
4	JIN JYUN CONSTRUCTION CO., LTD.	RUN LONG CONSTRUCTION CO., LTD.	3	1,204,665	1,000,000	1,000,000	-	1,000,000	16.60 %	3,011,663	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, YEH KEE ENTERPRISE CO., LTD., BI CHIANG CO., LTD., and CHYI YUH 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.

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Note 4: RUN LONG CONSTRUCTION CO., LTD. endorsed the operation method for the total amount of guarantee s 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.

(iii) Securities held as of December 31, 2022 (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-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	265,237	2.31 %	265,237	
Ju Feng Hotel Management Consultant Co.,Ltd.	Stock-HIGHWEALTH CONSTRUCTION CORP.	Ultimate Parent Company	Total non-current financial assets at fair value through other comprehensive income	5,036,927	202,988	0.29 %	202,988	
HIGHWEALTH PROPERTY MANAGEMENT CO., LTD.	Stock-HIGHWEALTH CONSTRUCTION CORP.	Ultimate Parent Company	Total non-current financial assets at fair value through other comprehensive income	9,735,658	392,347	0.57 %	392,347	
CHYIYUH CONSTRUCTION CO., LTD.	Stock-HIGHWEALTH CONSTRUCTION CORP.	Ultimate Parent Company	Total non-current financial assets at fair value through other comprehensive income	3,019,507	\$ 121,686	0.18 %	121,686	
"	Corporate bond-China Rebar Co., Ltd.	—	Financial assets at fair value through profit or loss-current	3	-	- %	-	Note
RUN LONG CONSTRUCTION CO., LTD.	Stock-HIGHWEALTH CONSTRUCTION CORP.	Ultimate Parent Company	Financial assets at fair value through profit or loss-current	14,461,638	582,804	0.84 %	582,804	

Note: Recognized as impairment loss.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	BI CHIANG CO., LTD.	Investments accounted for using equity method, net	Capital increase	The subsidiary	720,000	\$ 1,244,074 (Note1)	150,000,000	1,500,000	-	-	-	-	150,720,000	2,663,888
"	BO-YUAN CONSTRUCTION CO., LTD.	"	Capital increase	"	30,800,000	66,095	150,000,000	1,500,000	57,900,000 (Note2)	-	-	-	122,900,000	1,440,046

Note1: the shares of BI CHIANG CO., LTD., hold by the Company were 7,000 shares at the beginning of the period and 720,000 shares after the change of par value during the period.

Note2: Capital reduction to offset accumulated deficits.

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- (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	Xinxing Three Short Paragraphs	March 15,2021	1,244,230	1,244,230	OO ,Huang and other 9 people	Not related parties	-	-	-	-	Appraisal	Construction
BI CHANG CO., LTD.	Jhong Lu Section(Note)	February 16,2021	2,037,504	2,037,504	Satohara and Mida Investment	-	-	-	-	-	-	-

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:None
- (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	Chyi Yuh Construction Co., Ltd.	Investee accounted for using equity method of the company	Contracting project	\$ 6,736,917	48.96%	Pay by contract terms	-	-	(1,342,413)	(73.98)%	Note 2
Chyi Yuh Construction Co., Ltd.	The Company	The ultimate parent of the company	Contracted project	(9,418,229)	(94.15)%	Pay by contract terms	-	-	1,342,413	90.38%	Note 1
"	Bo-yuan Construction Co., Ltd.	Investee accounted for using equity method of the company	Contracted project	(461,293)	(4.61)%	Pay by contract terms	-	-	80,710	5.43%	Note 1
Run Long Construction Co., Ltd.	Jin Jyun Construction Co., Ltd.	Investee accounted for using equity method of the company	Contracting project	4,700,460	49.10%	Pay by contract terms	-	-	(555,304)	(50.18)%	Note 2
"	Chyi Yuh Construction Co., Ltd.	The ultimate parent of the company	Land held for development and administration fee	174,989	1.83%	Pay by contract terms	-	-	(55,927)	(5.05)%	Note2
Jin Jyun Construction Co., Ltd.	Run Long Construction Co., Ltd.	Investee accounted for using equity method of the company	Contracted project	(4,906,282)	(97.68)%	Pay by contract terms	-	-	555,304	96.89%	Note 1

Note 1: The contracted company recognizes its construction revenue through percentage of completion method, and the amount of sales included.

Note 2: The contracting company records its import price through estimates of amount of purchase through number of trials.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Chyi Yuh Construction Co., Ltd.	The company	The ultimate parent of the company	1,342,413	6.82	-	-	1,221,972	-
JIN JYUN CONSTRUCTION CO., LTD.	RUN LONG CONSTRUCTION CO., LTD.	Investee accounted for using equity method of the company	555,304	8.82	-	-	548,297	-

- (ix) Trading in derivative instruments: None

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(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (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, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Ju Feng Hotel Management Consultantco., Ltd.	Taiwan	Residential and building development, rental and sales	\$ 25,000	12,000	2,500,000	100.00 %	59,175	15,386	80,658	
"	Highwealth Property Managementco., Ltd.	Taiwan	Real estate brokerage, real estate trading	7,000	25,000	700,000	100.00 %	36,136	35,046	(409)	
"	Chyi Yuh Construction Co., Ltd.	Taiwan	Construction, housing and building development rental services etc.	3,030,041	3,030,041	388,500,000	100.00 %	4,534,895	550,951	581,718	
"	Run Long Construction Co., Ltd.	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	940,853	861,910	27,289,288	6.05 %	262,280	156,636	(40,466)	
"	Yeh Kee Enterprise Co., Ltd.	Taiwan	Construction, housing and building development rental services etc.	2,423,152	2,423,152	2,200,000	100.00 %	2,402,306	(16,141)	(16,141)	
"	Bi Chiang Co., Ltd.	Taiwan	Residential and building development, rental services, etc.	2,802,900	1,302,900	150,720,000	100.00 %	2,663,888	(79,782)	(80,186)	
The Company	SHING FU FA CONSTRUCTION CO., LTD.	Taiwan	Residential and building development, rental services, etc.	265,000	15,000	26,500,000	100.00 %	263,170	1,476	1,685	
"	BO-YUAN CONSTRUCTION CO., LTD.	Taiwan	Residential and building development, rental services, etc.	2,430,000	930,000	122,900,000	100.00 %	1,440,046	(126,049)	(126,049)	
"	Well Rich International Co., Ltd.	Taiwan	Wholesale of construction Material Hotels and Motels	245,621	145,621	18,100,000	100.00 %	236,371	(11,586)	(9,710)	
CHYI YUH CONSTRUCTION CO., LTD.	GUANGYANG INVESTMENT CONSTRUCTION CO., LTD.	Taiwan	Residential and building development, rental services, etc.	284,050	284,050	29,900,000	100.00 %	492,546	10,295	Exempt from disclosure	
"	RUN LONG CONSTRUCTION CO., LTD.	Taiwan	Investment industry	864,938	803,226	23,510,755	5.21 %	312,810	156,636	-	
"	Goyu Building Material Co., Ltd.	Taiwan	Investment	120,000	120,000	12,000,000	30.00 %	109,127	10,761	"	
GUANGYANG INVESTMENT CONSTRUCTION CO., LTD.	Run Long Construction Co., Ltd.	Taiwan	Wholesale of Building Materials	618,533	542,850	28,759,103	6.37 %	426,333	156,636	"	
RUN LONG CONSTRUCTION CO., LTD.	JIN JYUN CONSTRUCTION CO., LTD.	Taiwan	Environmental protection technology, real estate development, rental and sales industries, etc.	718,300	518,300	70,000,000	100.00 %	580,477	103,845	"	

(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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	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						
QUANXIANG TRADING (SHANGHAI) CO., LTD.	Construction material, furniture, metal parts	26,555 USD 900,000	(Note 1)	26,555 USD 900,000	-	-	26,555 USD 900,000	(214)	100.00%	(214)	1,020	-
XINGFUYU TRADING (XIAMEN) CO., LTD.	Construction material wholesale	27,104 USD 900,000	(Note 1)	27,104 USD 900,000	-	-	27,104 USD 900,000	123	100.00%	123	1,620	-

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(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
53,659 (USD1,800,000)	53,659 (USD1,800,000)	26,750,464 (Note)

Note 1: Three 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		108,860,296	6.34 %
Ear Winner Investment Co., Ltd		103,498,786	6.03 %

(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

April 11, 2023

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	2021	2022	Diff.	
				Amount	%
Current assets		184,681,133	205,712,290	21,031,157	11
Property, plant and equipment		4,456,087	5,910,328	1,454,241	33
Intangible assets		24,313	31,365	7,052	29
Other assets		14,354,060	13,512,574	(841,486)	(6)
Total assets		203,515,593	225,166,557	21,650,964	11
Current liabilities		131,735,958	147,531,551	15,795,593	12
Non-current liabilities		26,064,234	28,586,253	2,522,019	10
Total liabilities		157,800,192	176,117,804	18,317,612	12
Capital		13,927,531	17,146,741	3,219,210	23
Capital surplus		3,609,808	8,408,194	4,798,386	133
Retained earnings		23,621,566	20,006,124	(3,615,442)	(15)
Other interests (including treasury stock)		(435,036)	(976,952)	(541,916)	125
Non controlling interests		4,991,532	4,464,646	(526,886)	(11)
Total equity		45,715,401	49,048,753	3,333,352	7

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. Share capital: Mainly due to the conversion of the convertible corporate bonds upon the expiry and share distribution from earnings.
3. Capital Surplus: Mainly due to the increase in conversion premium of the convertible bonds in the current period.
4. Other equity: Mainly due to the disposal of investments in equity instruments designated at fair value through other comprehensive income.

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	2021	2022	Changes of increase or decrease	
			Amount	Changes %
Operating revenue	44,282,065	26,627,233	(17,654,832)	(40)
Decrease: sales returns and allowances	0	0	0	0
Net operating income	44,282,065	26,627,233	(17,654,832)	(40)
Operating costs	30,556,525	17,661,182	(12,895,343)	(42)
Gross profit from operations	13,725,540	8,966,051	(4,759,489)	(35)
Operating expenses	3,710,580	3,329,073	(381,507)	(10)
Operating profit	10,014,960	5,636,978	(4,377,982)	(44)
Non-operating income and expenses	1,181,743	(763,700)	(1,945,443)	(165)
Profit from continuing operations before tax	11,196,703	4,873,278	(6,323,425)	(56)
Total income tax expense	1,607,593	967,338	(640,255)	(40)
Profit from continuing operations before tax	9,589,110	3,905,940	(5,683,170)	(59)
Net profit	9,589,110	3,905,940	(5,683,170)	(59)

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 the reduction in project volume due to the completion of building projects and the reduction with the completed property right transfer
 2. Operating costs: Due to a decrease in turnover.
 3. Operating profit: Mainly due to a decrease in turnover.
 4. Non-operating income and expenses: Mainly due to the recognition of gains from right transfer for the leaseback of office in 2021.
 5. Net income before tax: mainly due to an decrease in operating net profit in current period.
 6. Income tax expense: Mainly due to a decrease in net profit before tax for the current period.
 7. Net profit after tax and net income from continuing operations: Mainly due to a

Highwealth Construction

decrease in turnover and operating net operating profit.

(II) Analysis of variation of operational gross profit

	Increase/	Variance analysis			
	Decrease	Price variance	Cost variance	Sales portfolio variance	Variance
Gross profit from operations	(4,759,489)	-	-	-	-

Note: 1. The Company belongs to the construction industry. Due to the characteristics of the industry, the differences will not be calculated.

2. It is mainly due to the decrease in turnover in 2022, which resulted in a decrease of NT4,759,489 in gross profit from operations.

(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		
	2021	2022	% of change
Cash flow ratio	(9.60)	(6.24)	35%
Cash flow adequacy ratio	(43.40)	(45.13)	-4%
Cash reinvestment ratio	(25.02)	(24.50)	2%
Reasons for increase/decrease proportion analysis:			
1. Cash flow ratio: Mainly due to decrease in net cash outflow from operating activities in 2022, resulting in an increase in cash flow ratio.			
2. Cash flow adequacy ratio: Mainly due to an increase in cash outflow from operating activities for the most recent five years in the current period from the preceding 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 current period.			

2. Remedy for a lack of liquidity: timely apply for financing activities or bank loans.

3. Analysis of cash flow in the coming year

Unit: NT\$ thousand

Beginning cash balance	Estimated yearly net cash inflow from operating activities	Cash provided by (used in) throughout the year	Anticipated cash surplus (shortage)	Remedies for cash shortage	
				Investment plan	Financing plan
(A)	(B)	(C)	(A)+(B)-(C)		
13,176,140	6,533,451	12,140,385	7,569,206	–	–

Analysis:

1. Operating activities: In the coming year, projects are expected to be completed and delivered, 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 co-building, tender, and urban planning expenses.
3. Financing activities: The increase in cash outflow from financing activities was mainly due to the repayment of borrowings after the 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

(I) Investment policy

The Company integrates its Group advantages and resources and focuses on relevant industries in the upstream and downstream of construction for its investment policy in the hope of gaining synergies of overall operations and increasing our income. Meanwhile, to implement diversified operations, we set foot in the field of hotels to separate operating risks and improve our investment gains.

(II) Main reasons for gains or losses

1. Re-invested businesses Information is Listed Below:

Unit: NT\$ thousand

Investor	Investee	2022	
		Net income	Investment profit(loss)
The Company	Ju Feng Hotel	15,386	80,658
	Highwealth Real Estate	35,046	(409)
	Chyi Yuh Construction	550,951	581,718
	Run Long Construction	156,636	(40,466)
	Hundred Million Mark Enterprise Co., Ltd.	(16,141)	(16,141)
	Pi Chiang Enterprise	(79,782)	(80,186)
	Highwealth Construction	1,476	1,685
	Bo-Yuan Construction Corporation	(126,049)	(126,049)
	Well Rich International	(11,586)	(9,710)
Chyi Yuh Construction	Kuang Yang Investment	10,295	Permit records confidential
	Run Long Construction	156,636	"
	Kuo Yu Construction	10,761	"
Kuang Yang Investment	Run Long Construction	156,636	"
Run Long Construction	Jin Jyun Construction	103,845	"

2. For investments in subsidiaries by the Company, the reason for gains was primarily due to the integration of the upstream and downstream of the construction industry to generate gains by adopting the operating models of the Group through synergies and economies of scale. The reason for losses was primarily due to the inability to recognize income as the real estate built by

subsidiaries is not completed and the difficulty in generating operating performances and gains in a short period of time resulting from the high expenses invested in the initial operating period of hotels and allocation costs.

(III) Improvement plans

Supervise subsidiaries to improve losses through completion progress control and improve operating efficiency.

(IV) Investment plan for the following year: None.

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		2021	2022
Interest income		18,246	46,050
Interest expense		1,017,849	1,003,632
Operating revenue		44,282,065	26,627,233
Net operating income		10,014,960	5,636,978
Net profit		9,589,110	3,905,940
To operating revenue ratio	Interest income from bank deposits/operating revenue	0.04%	0.17%
	Interest expenses/operating Revenue	2.30%	3.77%
To operating net profit ratio	Interest income from bank deposits/operating net profit	0.18%	0.82%
	Interest expenses/operating net profit	10.16%	17.80%
To net income ratio	Interest income from bank deposits/net income	0.19%	1.18%
	Interest expenses/net income	10.61%	25.70%

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 2022, the Central Bank decided to lower the rediscount rate, the rate on accommodations with collateral and the rate on accommodations without collateral by 0.625 percentage points in total from annual rates of 1.125%, 1.5%, and 3.375% to 1.75%, 2.125%, and 4%, respectively, and to 1.875%, 2.25%, and 4.125%, respectively, in 2023. Therefore, the aforementioned fluctuation in interest rates shall influence the operating costs of the Company and its subsidiaries.

Future countermeasures: the Company will coordinate with reference banks, use call loan rates in response to market interest rates, and actively repay borrowings to reduce our liabilities.

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. The inflation rate increased to 2.95% over the past few years; at present, there is no material effect arising from inflation; therefore, there is no material impact 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		Limits on endorsement/guarantee amount provided to each guaranteed party	Maximum balance for the period	Ending balance
	Name of the Company	Relation			
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
2021	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

Highwealth Construction

YEAR	Receiver of Endorsement/Guarantee		Limits on endorsement/guarantee amount provided to each guaranteed party	Maximum balance for the period	Ending balance
	Name of the Company	Relation			
2022	Chyi Yuh Construction	Subsidiary	44,584,107	8,846,000	7,846,000
	Bo-Yuan Construction Corporation	Subsidiary	44,584,107	3,528,000	3,528,000
	Well Rich International	Subsidiary	44,584,107	640,000	440,000
	Pi Chiang Enterprise	Subsidiary	44,584,107	4,145,000	4,145,000
	Highwealth Construction	Subsidiary	44,584,107	200,000	100,000

The Company provides endorsement or guarantees to companies invested, namely Chyi Yuh Construction, Bo-Yuan Construction Corporation, Well Rich International, Pi Chiang Enterprise, and Highwealth Construction 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. The position of business cycle of housing market decide whether the increased and decreased interests are good to the housing market.
6. For developed countries, there are linked close relation among the slowdown of the economy, continuous low interest ratio, and stability of house price.

After the Central Bank initiated the first interest rate increase cycle, the interest rate increased five times and reached 1.875%. In 2022, the weight of risk for five types of cases that are newly contracted (including the rollover of existing cases upon the expiry or loan transfer) and under control, including “house mortgage for corporations,” “land acquisition loans,” “loans to construction companies with mortgages on unsold new housing,” “mortgage loans for idle land in the industrial areas.” and “acquisition of over the third (inclusive) housing by natural persons,” was increased, together with the amendments to the to “The Equalization of Land Rights Act” and the “Real Estate Broking Management Act made by the Ministry of the Interior, the contract exchange and resell became fully restricted for presale houses and newly built houses; there are also material punishments for those who property speculation and multiple changes in laws and regulations, causing effects on the overall housing market and house purchasers.

With the lack of land, rising costs of land, and the continuing increasing total construction index and total building index that symbolize wages, building materials, and other construction costs, the Company adopts co-building with landlords and participates in urban renewal by governmental agencies to minimize its operating risks and protect shareholders’ interest.

- (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

Highwealth Construction

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

Highwealth Construction

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 2022, 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.

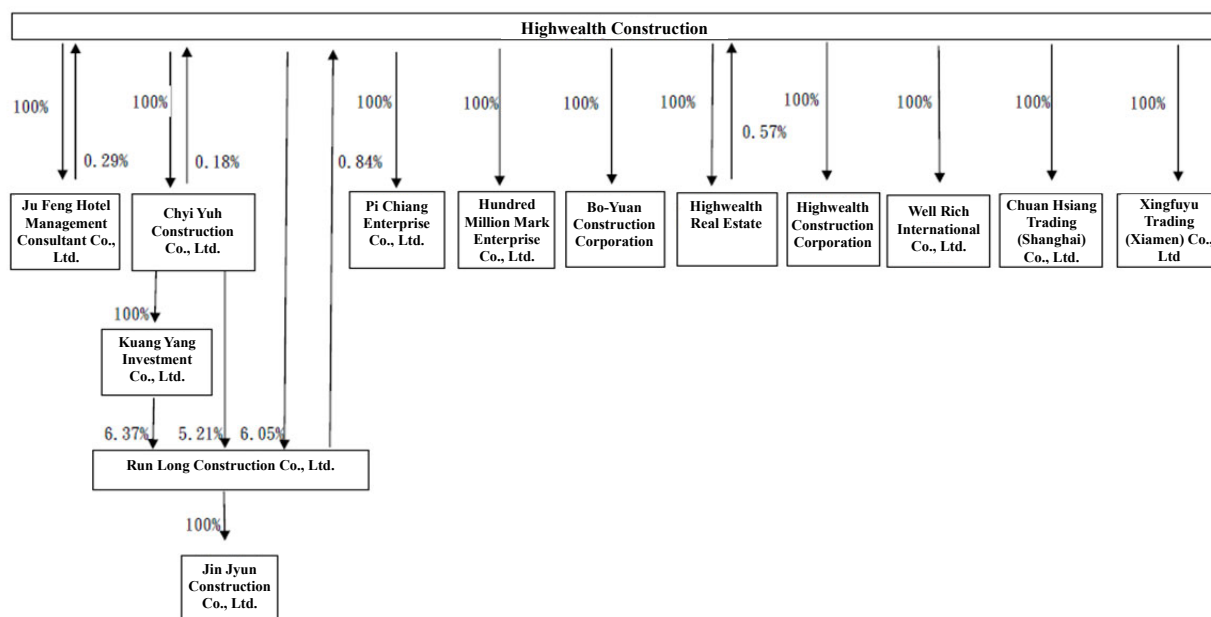
VII. Other important matters: Nil

Eight. Special Notes

I. Information about the Company's Affiliates

(I) Consolidated business reports of affiliated enterprises

1. Organization chart



Highwealth Construction

(2) Basic data of affiliates

Unit: NT\$ thousand 2022/12/31

Affiliate	Date of establishment	Address	Paid-in capital	Major business
<u>Controlling company</u> Highwealth Construction	1980.01.23	10F., No. 267, Lequn 2nd Rd, Taipei City	17,146,741	Contracted to construction to build commercial building and public housing for lease and sale
<u>Affiliates</u> Ju Feng Hotel Management Consultant Co., Ltd.	1997.09.12	10F., No. 267, Lequn 2nd Rd, Taipei City	25,000	Real estate agency, housing and building development, lease, sale business
Highwealth Real Estate	1988.10.08	10F., No. 267, Lequn 2nd Rd, Taipei City	7,000	Broker of real estate and real estate industry
Chyi Yuh Construction Co., Ltd.	1989.10.19	9F., No. 267, Lequn 2nd Rd, Taipei City	3,885,000	Construction, housing and building development, lease, sale business
Hundred Million Mark Enterprise Co., Ltd.	1948.04.25	19F., No. 1507-1, Yucheng Rd., Gushan Dist., Kaohsiung City	22,000	Housing and building development, lease, sale business
Pi Chiang Enterprise Co., Ltd.	1968.03.22	19F., No. 1507-1, Yucheng Rd., Gushan Dist., Kaohsiung City	1,507,200	Housing and building development, lease, sale business
Chuan Hsiang Trading (Shanghai) Co., Ltd.	2012.02.17	China	26,555	Wholesale of building materials
Xingfuyu Trading (Xiamen) Co., Ltd	2016.09.29	China	27,104	Wholesale of building materials
Highwealth Construction Corporation	2018.11.26	2F., No. 250, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	265,000	Housing and building development, lease, sale business
Bo-Yuan Construction Corporation	2004.12.07	8F-1, No. 267, Lequn 2nd Rd, Taipei City	1,229,000	Construction, housing and building development, lease, sale business
Guangyang Investment Co., Ltd	1997.06.21	8F-6, No. 267, Lequn 2nd Rd, Zhongshan District, Taipei City	299,000	Investment
Well Rich International Co., Ltd.	2012.04.17	10F., No. 267, Lequn 2nd Rd, Taipei City	181,000	Wholesale of Building Materials and Regular Hotel.

Affiliate	Date of establishment	Address	Paid-in capital	Major business
Run Long Construction Co., Ltd.	1977.01.10	8F., No. 267, Lequn 2nd Rd, Taipei City	4,510,261	Housing and building development, lease, sale business
Jin Jyun Construction Co., Ltd.	2012.11.01	9F., No. 267, Lequn 2nd Rd, Taipei City	700,000	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, investment, hotels and 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	
			Shares	Shareholding Percentage
<u>Controlling company</u> Highwealth Construction	Chairman	Run Ying Investment Co., Ltd. Representative: Cao Yuanbo	30,996,304	1.81%
	Director	Zheng Qintian	32,249,660	1.88%
	Director	Cheng Hsiuhui	9,864,788	0.58%
	Director	Run Ying Investment Co., Ltd. Representative: Fan Huajun	30,996,304	1.81%
	Independent Director	Hong Xiyao	0	0.00%
	Independent Director	Li Wencheng	0	0.00%
	Independent Director	Chen Tachun	24,203	0.00%
<u>Affiliates</u> Ju Feng Hotel Management Consultant Co., Ltd.	Chairman	Highwealth Construction Representative: Fan Huajun	2,500,000	100%
	Director	Highwealth Construction Representative: Miao Chingte	2,500,000	100%
	Director	Highwealth Construction Representative: Li Tingzhen	2,500,000	100%
Highwealth Real Estate	Chairman	Highwealth Construction Representative: Miao Chingte	700,000	100%
	Director	Highwealth Construction	700,000	100%

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Affiliate	Position	Name or representative	Shares held	
			Shares	Shareholding Percentage
	Director	Representative: Chen Weichen Highwealth Construction Representative: Hsieh Chungchieh	700,000	100%
Chyi Yuh Construction Co., Ltd.	Chairman	Highwealth Construction Representative: Cheng Chunmin	388,500,000	100%
	Director	Highwealth Construction Representative: Hsiung Mengchi	388,500,000	100%
	Director	Highwealth Construction Representative: Fan Huajun	388,500,000	100%
Hundred Million Mark Enterprise Co., Ltd.	Chairman	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.	Chairman	Highwealth Construction Representative: Cao Yuanbo	150,720,000	100%
	Director	Highwealth Construction Representative: Zheng Qintian	150,720,000	100%
	Director	Highwealth Construction Representative: Fan Huajun	150,720,000	100%
Chuan Hsiang Trading (Shanghai) Co., Ltd.		Highwealth Construction Representative: Cheng Chunmin	-	100%
Xingfuyu Trading (Xiamen) Co., Ltd		Highwealth Construction Representative: Cheng Chunmin	-	100%
Highwealth Construction Corporation	Chairman	Highwealth Construction Representative: Fan Huajun	26,500,000	100%
	Director	Highwealth Construction Representative: Hsiung Mengchi	26,500,000	100%
	Director	Highwealth Construction Representative: Hung Mingyao	26,500,000	100%
Bo-Yuan Construction Corporation	Chairman	Highwealth Construction Representative: Cao Yuanbo	122,900,000	100%
	Director	Highwealth Construction Representative: Hung Mingyao	122,900,000	100%
	Director	Highwealth Construction Representative: Fan Huajun	122,900,000	100%

Affiliate	Position	Name or representative	Shares held	
			Shares	Shareholding Percentage
Guangyang Investment Co., Ltd	Chairman	Chyi Yuh Construction Co., Ltd. Representative: Cheng Chunmin	29,900,000	100%
Well Rich International Co., Ltd.	Chairman	Highwealth Construction Representative: Fan Huachun	18,100,000	100%
	Director	Highwealth Construction Representative: Cao Yuanbo	18,100,000	100%
	Director	Highwealth Construction Representative: Hung Mingyao	18,100,000	100%
Run Long Construction Co., Ltd.	Chairman	Da-Li Investment Co., Ltd Representative: Tsai Tsungpin	17,663,965	3.92%
	Director	Kuang Yang Investment Co., Ltd. Representative: Chiu Pingtse	28,759,103	6.37%
	Director	Kuang Yang Investment Co., Ltd. Representative: Chen Kuoyen	28,759,103	6.37%
	Director	Kuang Yang Investment Co., Ltd. Representative: Cheng Chiaowen	28,759,103	6.37%
	Independent Director	Yan Yunqi	0	0%
	Independent Director	Li Wencheng	0	0%
	Independent Director	Chen Yung-Chang	0	0%
Jin Jyun Construction Co., Ltd.	Chairman	Run Long Construction Co., Ltd. Representative: Chiu Pingtse	70,000,000	100%
	Director	Run Long Construction Co., Ltd. Representative: Lin Chihlung	70,000,000	100%
	Director	Run Long Construction Co., Ltd. Representative: Lu Xiren	70,000,000	100%

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6. Overview of the operations of the affiliates

Unit: NT\$ thousand

Affiliate	Capital	Total assets	Total liabilities	per share	Operating revenue	Net operating income (loss)	Net income (after tax)	Earnings per share (After tax/Dollars)
<u>Controlling company</u>								
Highwealth Construction	17,146,741	153,329,996	108,745,889	44,584,107	23,785,809	4,720,111	3,740,998	2.29
<u>Affiliates</u>								
Ju Feng Hotel Management Consultant Co., Ltd.	25,000	288,666	26,667	261,999	105,685	(2,448)	15,386	11.74
Highwealth Real Estate	7,000	428,670	241	428,429	35,455	35,010	35,046	24.26
Chyi Yuh Construction Co., Ltd.	3,885,000	24,190,180	18,799,949	5,390,231	10,003,852	621,756	550,951	1.53
Hundred Million Mark Enterprise Co., Ltd.	22,000	240,870	156,893	83,977	983	(16,684)	(16,141)	(7.34)
Pi Chiang Enterprise Co., Ltd.	1,507,200	5,518,588	4,153,674	1,364,914	17,681	(5,022)	(79,782)	(0.68)
Chuan Hsiang Trading (Shanghai) Co., Ltd.	26,555	1,108	88	1,020	0	(214)	(214)	(0.08)
Xingfuyu Trading (Xiamen) Co., Ltd	27,104	1,652	32	1,620	0	123	123	0.05
Highwealth Construction Corporation	265,000	288,271	25,101	263,170	16,378	1,492	1,476	0.23
Bo-Yuan Construction Corporation	1,229,000	4,925,829	3,485,783	1,440,046	261,610	(101,201)	(126,049)	(2.35)
Guangyang Investment Co., Ltd	299,000	437,193	7,023	430,170	10,323	10,220	10,295	0.34
Well Rich International Co., Ltd.	181,000	780,944	543,611	237,333	108,993	(32,333)	(11,586)	(1.29)
Run Long Construction Co., Ltd.	4,510,261	47,223,596	41,200,269	6,023,327	2,369,080	293,292	156,636	0.35
Jin Jyun Construction Co., Ltd.	700,000	3,175,214	2,291,669	883,545	5,022,926	79,912	103,845	1.83

- (II) Consolidated financial statements with the affiliates: (please see page 143 to 223 of the annual report).

Statement

I hereby declare that the entities required to be included in the consolidated financial statements of the Company as of December 31, 2022 and for the year 2022 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 14, 2023

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 15, 2023; Unit: NT\$ thousand; Shares

Subsidiary	Paid-in capital	Capital resources	The Company shareholding ratio	Date of acquisition or disposal	Acquired shareholding and value (Note 1)	disposal of shareholding and value	Investment profit(loss)	Shareholding and value as of the date of publication of the annual report (Note 2)	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.	25,000	Own funds	100%	2022.01~2022.12	458,579 shares 0	0	0	5,036,927 shares NT\$ 202,988 thousand	Nil	0	0
				January 2023 to the date of publication of the annual report	0	0	0	5,036,927 shares NT\$ 202,988 thousand	Nil	0	0
Highwealth Real Estate	7,000	Own funds	100%	2022.01~2022.12	886,367 shares 0	0	0	9,735,658 shares NT\$ 392,347 thousand	Nil	0	0
				January 2023 to the date of publication of the annual report	0	0	0	9,735,658 shares NT\$ 392,347 thousand	Nil	0	0
Chyi Yuh Construction Co., Ltd.	3,885,000	Own funds	100%	2022.01~2022.12	274,906 shares 0	0	0	3,019,507 shares NT\$ 121,686 thousand	Nil	7,846,000 thousand (Note 3)	0
				January 2023 to the date of publication of the annual report	0	0	0	3,019,507 shares NT\$ 121,686 thousand	Nil	7,846,000 thousand (Note 3)	0
Run Long Construction Co., Ltd.	4,510,261	Own funds	6.05%	2022.01~2022.12	1,316,638 shares 0	0	0	14,461,638 shares NT\$ 582,804 thousand	13,145,000 shares	0	0
				January 2023 to the date of publication of the annual report	0	0	0	14,461,638 shares NT\$ 582,804 thousand	13,145,000 shares	0	0

Note 1: Capitalization of the year retained earnings for stock dividends.

Note 2: End-of-period valuation adjustment is included.

Note 3: End-of-period endorsements/guarantees are presented by quota, with drawdowns of NT\$5,239,000 thousand and NT\$5,544,000 thousand. Endorsement/guarantee amount with secured property was nil.

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.