Stock Code: 2348

Hi-Yes International Co., Ltd.
And Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2020 and 2019 and Independent Auditors' Review Report

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Independent Auditors' Review Report

To Hi-Yes International Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Hi-Yes International Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2020 and 2019 and the consolidated statements of comprehensive income for the three months ended September 30, 2020 and 2019 and the nine months ended September 30, 2020 and 2019, and changes in equity and cash flows for the nine months ended September 30, 2020 and 2019 (including summary of significant accounting policies). It is the management's responsibility to prepare a set of fairly presented financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting as endorsed, issued, and effected by the Financial Supervisory Commission (FSC). Our responsibility is to draw a conclusion on the consolidated financial statements based on our reviews.

Scope

Except for matters described in the following paragraph titled "Basis for Qualified Conclusion," we conducted our reviews in compliance with Statements of Auditing Standards (SAS) No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity." A review of the consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters) and conducting analytical and other review procedures. Since the scope of review is substantially than that of audit, we might not be fully aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2020 and 2019, the combined total asset of these non-significant subsidiaries were NT$1,298,611 thousand and NT$378,451 thousand, representing 17.33% and 9.31% of the consolidated total assets, respectively, and the combined total liability of these subsidiaries were NT$796,556 thousand and NT$136,417 thousand, representing 16.69% and 5.37% of the consolidated total liabilities; for the three months ended September 30, 2020 and 2019, the combined comprehensive income of these non-significant subsidiaries were NT153,042 thousand and NT$5,139 thousand, representing 39.32% and 3.74% of the consolidated comprehensive income, respectively; for the nine months ended September 30, 2020 and 2019, the combined comprehensive income of these non-significant subsidiaries were NT$226,777 thousand

and NT$48,397 thousand, representing 26.13% and 13.53% of the consolidated comprehensive income, respectively; as of September 30, 2020 and 2019, the balance of investments accounted for using the equity method of these non-significant subsidiaries were NT$70,072 thousand and NT$64,954 thousand, respectively; and as of September 30, 2020 and 2019, the share of profit of associates and joint ventures accounted for using the equity method were NT$377 thousand and NT$0, respectively. The above as well as Notes 13 and 28 to the consolidated financial statements were recognized and disclosed in the financial statements of the investees which were not reviewed during the same period.

Qualified Conclusion

Based on our reviews, except for the effects of adjustments, if any, as might have been required had the financial statements of these non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects, the consolidated financial position of the Group as of September 30, 2020 and 2019, its consolidated financial performance for the three months ended September 30, 2020 and 2019, and its consolidated financial performance and consolidated cash flows for the nine month ended September 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by FSC.

November 13, 2020

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

HI-YES INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2020, DECEMBER 31, 2020, AND SEPTEMBER 30, 2019

(In Thousands of New Taiwan Dollars)

		September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
Code	ASSETS	Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash (Note 6)	$ 1,417,375	19	$ 867,425	18	$ 1,232,580	30
1110	Financial assets at fair value through profit or loss - current (Note 7)	-	-	-	-	3,012	-
1140	Contract assets - current (Note 19)	173,171	2	88,887	2	59,654	2
1150	Notes and accounts receivable from non-related parties (Notes 9 and 19)	607,109	8	491,034	10	291,770	7
1160	Notes and accounts receivable from related parties - net (Notes 9, 19, and 24)	92,870	1	50,430	1	55,981	1
1200	Other receivables	9,627	-	6,734	-	4,247	-
1320	Inventories (applicable to the construction industry) (Notes 10 and 25)	3,858,061	52	2,435,163	50	1,557,893	38
1479	Other current assets - others (Note 11)	174,279	2	42,515	1	47,878	1
1480	Incremental cost of obtaining contracts – current (Note 19)	3,961	-	489	-	-	-
1482	Costs of fulfilling contracts - current (Note 19)	351,857	5	319,497	6	261,753	7
11XX	Total current assets	6,688,310	89	4,302,174	88	3,514,768	86
	NON-CURRENT ASSETS						
1510	Financial assets at fair value through profit or loss - non-current (Notes 7 and 25)	94,272	1	239,486	5	264,491	6
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	106,346	2	116,793	2	102,418	3
1535	Financial assets at amortized cost - non-current (Notes 25)	232,026	3	92,460	2	76,942	2
1550	Investments accounted for using the equity method (Note 13)	70,072	1	69,695	2	64,954	2
1600	Property, plant and equipment, Net	48,968	1	33,981	1	21,006	1
1755	Right-of-use assets	16,595	-	20,042	-	11,245	-
1780	Intangible assets	3,096	-	939	-	436	-
1840	Deferred tax assets	-	-	777	-	978	-
1920	Refundable deposit	18,939	-	12,397	-	9,622	-
1960	Prepayments for investments (Note 14)	213,512	3	-	-	-	-
15XX	Total non-current assets	803,826	11	586,570	12	552,092	14
1XXX	TOTAL	$ 7,492,136	100	$ 4,888,744	100	$ 4,066,860	100
Code	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Notes 15 and 25)	$ 1,702,650	23	$ 659,000	14	$ 925,000	23
2120	Financial liabilities at fair value through profit or loss - current	-	-	175	-	1,900	-
2150	Notes and accounts payable to non-related parties	244,109	4	292,777	6	218,979	5
2180	Accounts payable to related parties (Note 24)	929	-	-	-	-	-
2230	Current tax liabilities	167,288	2	113,398	2	63,762	2
2280	Lease liabilities - current	4,458	-	4,461	-	2,574	-
2320	Long-term liabilities due within one year or one operating cycle (Notes 15 and 25)	158,448	2	-	-	-	-
2399	Other current liabilities	305,228	4	227,125	5	119,989	3
21XX	Total current liabilities	2,583,110	35	1,296,936	27	1,332,204	33
	NON-CURRENT LIABILITIES						
2527	Contract liabilities - non-current (Note 19)	259,143	3	32,907	1	-	-
2530	Bonds payable (Note 16)	-	-	417,247	8	476,291	11
2540	Long-term borrowings (Notes 15 and 25)	1,917,450	26	1,302,698	27	723,130	18
2580	Lease liabilities - non-current	12,333	-	15,666	-	8,703	-
2645	Guarantee deposits received	200	-	200	-	200	-
25XX	Total non-current liabilities	2,189,126	29	1,768,718	36	1,208,324	29
2XXX	TOTAL	4,772,236	64	3,065,654	63	2,540,528	62
	EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 18)						
	Share capital						
3110	Share capital - ordinary shares	967,836	13	856,000	18	856,000	21
3170	Share capital to be registered	-	-	13,717	-	-	-
3100	Total share capital	967,836	13	869,717	18	856,000	21
3200	Capital surplus	384,403	5	65,164	1	18,642	-
	Retained earnings						
3310	Legal reserve	151,116	2	93,058	2	93,058	2
3320	Special reserve	29,791	1	29,610	1	29,610	1
3350	Unappropriated earnings	1,129,202	15	732,149	15	509,057	13
3300	Total retained earnings	1,310,109	18	854,817	18	631,725	16
3400	Other equity	(40,238)	(1)	(29,791)	(1)	(35,391)	(1)
31XX	Total equity attributable to owners of the Company	2,622,110	35	1,759,907	36	1,470,976	36
36XX	Non-controlling interests	97,790	1	63,183	1	55,356	2
3XXX	Total equity	2,719,900	36	1,823,090	37	1,526,332	38
	TOTAL	$ 7,492,136	100	$ 4,888,744	100	$ 4,066,860	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' review report dated November 13, 2020)

HI-YES INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		For the Three Months Ended September 30, 2020		For the Three Months Ended September 30, 2019		For the Nine Months Ended September 30, 2020		For the Nine Months Ended September 30, 2019	
Code		Amount	%	Amount	%	Amount	%	Amount	%
	OPERATING REVENUE								
4600	Service revenue (Notes 19 and 24)	$ 1,107,443	100	$ 447,435	100	$ 2,346,175	100	$ 896,610	100
	OPERATING COSTS								
5600	Service costs (Notes 10 and 24)	398,705	36	196,182	44	889,409	38	385,109	43
5900	GROSS PROFIT	708,738	64	251,253	56	1,456,766	62	511,501	57
	OPERATING EXPENSES (Notes 9, 20, and 24)								
6100	Selling and marketing expenses	32	-	-	-	127	-	-	-
6200	General and administrative expenses	154,040	14	66,805	15	422,981	18	195,165	22
6450	Expected credit losses (or reversal)	(19,036)	(2)	(136)	-	(1,446)	-	3,388	-
6000	Total operating expenses	135,036	12	66,669	15	421,662	18	198,553	22
6900	NET OPERATING INCOME	573,702	52	184,584	41	1,035,104	44	312,948	35
	NON-OPERATING INCOME AND EXPENSES (Note 20)								
7100	Interest income	87	-	82	-	691	-	569	-
7190	Other income	3,465	-	1,699	1	148,305	6	113,008	13
7020	Other gains and losses	(77,843)	(7)	(8,205)	(2)	(73,996)	(3)	(7,822)	(1)
7050	Finance costs	1,468	-	4,406	1	9,437	-	8,761	1
7060	Share of profit of associates and joint ventures accounted for using the equity method	5,420	-	-	-	377	-	-	-
7000	Total non-operating income and expenses	(70,339)	(7)	(10,830)	(2)	65,940	3	96,994	11
7900	NET INCOME BEFORE TAX	503,363	45	173,754	39	1,101,044	47	409,942	46
7950	INCOME TAX EXPENSE (Note 21)	110,532	10	35,956	8	227,641	10	61,933	7
8200	NET INCOME	392,831	35	137,798	31	873,403	37	348,009	39
	OTHER COMPREHENSIVE INCOME (NET)								
8310	Items that will not be reclassified subsequently to profit or loss								
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(3,616)	-	(289)	-	(5,633)	-	9,748	1
8300	Total other comprehensive income (net)	(3,616)	-	(289)	-	(5,633)	-	9,748	1
8500	TOTAL COMPREHENSIVE INCOME	$ 389,215	35	$ 137,509	31	$ 867,770	37	$ 357,757	40
	NET PROFIT ATTRIBUTABLE TO:								
8610	Owners of the Company	$ 372,316	33	$ 137,669	31	$ 844,296	36	$ 341,963	38
8620	Non-controlling interests	20,515	2	129	-	29,107	1	6,046	1
8600		$ 392,831	35	$ 137,798	31	$ 873,403	37	$ 348,009	39
	TOTAL COMPREHENSIVE INCOM ATTRIBUTABLE TO:								
8710	Owners of the Company	$ 368,700	33	$ 137,380	31	$ 838,663	36	$ 351,711	39
8720	Non-controlling interests	20,515	2	129	-	29,107	1	6,046	1
8700		$ 389,215	35	$ 137,509	31	$ 867,770	37	$ 357,757	40
	EARNINGS PER SHARE (Note 22)								
9710	Basic	$ 3.91		$ 1.61		$ 9.35		$ 3.99	
9810	Diluted	$ 3.85		$ 1.47		$ 8.72		$ 3.88	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' review report dated November 13, 2020)

HI-YES INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Equity Attributable to Owners of the Company										
		Share Capital				Retained Earnings						
Code		Share Capital - Ordinary Shares	Share Capital to be Registered	Total	Capital Surplus	Legal Reserve	Special reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
A1	Balance as of January 1, 2019	$ 856,000	$ -	$ 856,000	$ -	$ 46,880	$ -	$ 552,633	($ 29,610)	$ 1,425,903	$ 29,810	$ 1,455,713
	Appropriation of 2018 earnings											
B1	Legal reserve	-	-	-	-	46,178	-	(46,178)	-	-	-	-
B3	Special reserve	-	-	-	-	-	29,610	(29,610)	-	-	-	-
B5	Cash dividends distributed by the Company - NT$3.8	-	-	-	-	-	-	(325,280)	-	(325,280)	-	(325,280)
C5	Proceeds from issuance of convertible corporate bonds	-	-	-	18,642	-	-	-	-	18,642	-	18,642
O1	Non-controlling interests	-	-	-	-	-	-	-	-	-	19,500	19,500
Q1	Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	15,529	(15,529)	-	-	-
D1	Net income for the nine months ended September 30, 2019	-	-	-	-	-	-	341,963	-	341,963	6,046	348,009
D3	Other comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	-	-	9,748	9,748	-	9,748
D5	Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	-	341,963	9,748	351,711	6,046	357,757
Z1	Balance as of September 30, 2019	$ 856,000	$ -	$ 856,000	$ 18,642	$ 93,058	$ 29,610	$ 509,057	($ 35,391)	$ 1,470,976	$ 55,356	$ 1,526,332
A1	Balance as of January 1, 2020	$ 856,000	$ 13,717	$ 869,717	$ 65,164	$ 93,058	$ 29,610	$ 732,149	($ 29,791)	$ 1,759,907	$ 63,183	$ 1,823,090
	Appropriation of 2019 earnings											
B1	Legal reserve	-	-	-	-	58,058	-	(58,058)	-	-	-	-
B3	Special reserve	-	-	-	-	-	181	(181)	-	-	-	-
B5	Cash dividends distributed by the Company - NT$4.5	-	-	-	-	-	-	(393,818)	-	(393,818)	-	(393,818)
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(9,000)	(9,000)
Q1	Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	4,814	(4,814)	-	-	-
O1	Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	14,500	14,500
I1	Convertible corporate bonds converted to ordinary shares	111,836	(13,717)	98,119	319,239	-	-	-	-	417,358	-	417,358
D1	Net income for the nine months ended September 30, 2020	-	-	-	-	-	-	844,296	-	844,296	29,107	873,403
D3	Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	-	-	(5,633)	(5,633)	-	(5,633)
D5	Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	-	844,296	(5,633)	838,663	29,107	867,770
Z1	Balance as of September 30, 2020	$ 967,836	$ -	$ 967,836	$ 384,403	$ 151,116	$ 29,791	$ 1,129,202	($ 40,238)	$ 2,622,110	$ 97,790	$ 2,719,900

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' review report dated November 13, 2020)

HI-YES INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)

Code		For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net income before tax	$ 1,101,044	$ 409,942
A20010	Adjustments for:		
A20100	Depreciation expenses	7,940	1,672
A20200	Amortization expenses	1,359	59
A20300	Expected credit losses (or reversal)	(1,446)	3,388
A20400	Net loss on financial assets and liabilities at fair value through profit and loss	65,373	1,613
A20900	Finance costs	9,437	8,761
A21200	Interest income	(691)	(569)
A21300	Dividend income	(145,381)	(112,952)
A22300	Share of profit of associates and joint ventures accounted for using the equity method	(377)	-
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(84,284)	(31,083)
A31130	Notes and accounts receivable from non-related parties	(114,629)	(43,512)
A31160	Notes and accounts receivable from related parties	(42,440)	(17,896)
A31180	Other receivables	(2,893)	4,100
A31200	Inventories	(1,389,844)	(569,385)
A31240	Other current assets	(131,764)	(39,852)
A31270	Incremental cost of obtaining contracts	(3,472)	-
A31280	Costs of fulfilling contracts	(32,360)	(210,673)
A32125	Contract liabilities	226,236	-
A32130	Notes and accounts payable to non-related parties	(48,668)	125,607
A32160	Accounts payable to related parties	929	-
A32230	Other current liabilities	77,172	(14,951)
A33000	Cash used in operating activities	(508,759)	(485,731)
A33500	Income tax paid	(172,974)	(8,411)
AAAA	Net cash used in operating activities	(681,733)	(494,142)

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Code		For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisition of financial assets at fair value through other comprehensive income	($ 16,226)	($ 49,785)
B00020	Sale of financial assets at fair value through other comprehensive income	21,040	50,508
B00040	Acquisition of financial assets at amortized cost	(161,566)	(79,324)
B00050	Disposal of financial assets at amortized cost	22,000	30,000
B00100	Acquisition of financial assets at fair value through profit or loss	(5,000)	(3,000)
B00200	Sale of financial assets at fair value through profit or loss	5,625	1,996
B02000	Increase in prepayments for long-term investments	(213,512)	-
B02400	Financial assets at fair value through profit or loss - capital reduction and refund	77,760	-
B02700	Acquisition of property, plant and equipment	(19,480)	(19,141)
B03700	Increase in refundable deposits	(6,542)	(1,875)
B04500	Purchase of intangible assets	(3,516)	(495)
B07500	Interest received	691	569
B07600	Dividends received	145,381	112,952
BBBB	Net cash generated from (used in) investing activities	(153,345)	42,405
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	1,043,650	405,000
C01200	Issuance of corporate bonds	-	494,766
C01300	Repayments of corporate bonds	(700)	-
C01600	Proceeds from long-term borrowings	773,200	515,680
C03000	Guarantee deposits received	-	200
C04020	Payments of lease liabilities	(3,336)	(1,233)
C05600	Interest paid	(39,468)	(12,677)
C04500	Cash dividends paid	(402,818)	(325,280)
C05800	Changes in non-controlling interests	14,500	19,500
CCCC	Net cash generated from financing activities	1,385,028	1,095,956

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Code		For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
EEEE	NET INCREASE IN CASH	$ 549,950	$ 644,219
E00100	CASH BALANCE AS OF JANUARY 1	867,425	588,361
E00200	CASH BALANCE AS OF SEPTEMBER 30	$ 1,417,375	$ 1,232,580

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' review report dated November 13, 2020)

1. GENERAL INFORMATION

The Company was established in the Hsinchu Science Park in August 1987 under the name UMAX Computer Corporation. It was renamed UMAX Technologies from July 1, 2004. Its scope of business include the research and development, manufacture and sale of optical reader and related components, multimedia products, personal computers and peripherals, telecommunication products and digital cameras, as well as import and export trading of items relevant to the Company’s business and the design and manufacture of the aforementioned products. The resolutions to amend the Company's Articles of Incorporation, rename the Company Hi-Yes International Co., Ltd., and expand the Company's scope of business to include real estate development, leasing, trading, brokerage and marketing agency, management consulting services, product and landscape design were passed in the Company's extraordinary shareholders' meeting on March 26, 2013. The Company’s shares have been listed and traded on the Taiwan Stock Exchange (TWSE) since January 5, 1996.

On August 15 and October 2, 2020, the resolutions to engage in capital reduction to make up for losses and capital increase through the issuance of ordinary shares, and introduce strategic investors with professional experience in real estate development and marketing agency, were passed in the Company's board of directors' meeting and extraordinary shareholders' meeting, respectively, in order to assist the Company in developing new businesses and engaging in diversification, thereby effectively improving the Company's profitability, increasing cash flows from operating activities, and increasing shareholders' equity. The aforesaid resolution to engage in capital increase through the issuance of ordinary shares was also passed on November 8, 2012 and January 23, 2013, with November 9, 2012 and January 25, 2013 as the record dates for capital increase, where 2,000 thousand ordinary shares and 68,000 thousand shares were issued, thereby raising a total of NT$10,706 thousand and NT$331,160 thousand in capital, respectively.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on November 13, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. New IFRSs in issue but not yet endorsed and issued into effect by FSC

New, Amended, and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 2. The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3. The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4. The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5. The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impacts of the the relevant amendments to the standards and interpretations on its financial position and financial performance. Any relevant impact will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by FSC. The Consolidated Financial Statements does not include all IFRSs disclosure information required for the annual financial statements.

b. Basis of preparation

The consolidated financial statements were prepared on a historical cost basis, except for financial instruments measured at fair value.

The fair value measurement is classified into three levels based on the observability and importance of related input:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
2) Level 2 inputs are 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. deduced from prices).
3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements have been prepared under the same principles as adopted for the consolidated financial statements for the year ended December 31, 2019.

For details on the Company's subsidiaries, percentage of ownership and businesses, refer to Note 12 and Table 4.

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2019.

Income tax

Income tax expenses are the sum of current income tax and deferred income tax. The interim income tax is evaluated on an annual basis and the interim profit before tax is applied with the tax rate applicable to the expected total annual earnings for calculations.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When the Group adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from original estimates. The Group takes into account the economic impact of the COVID-19 outbreak in its critical accounting judgments and the management will constantly review the estimations and underlying assumptions. If an amendment to estimates only affects the current period, it shall be recognized in the current period of amendment. If an amendment to accounting estimates affects the current year and future periods, it shall be recognized in the current year and future periods.

The key sources of major accounting judgments and uncertainty of estimation and assumptions adopted in these consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2019.

6. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Checking accounts and demand deposits	$ 1,405,860	$ 858,467	$ 1,224,282
Cash on hand	11,515	8,958	8,298
	$ 1,417,375	$ 867,425	$ 1,232,580

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2020	December 31, 2019	September 30, 2019
Financial assets - current			
Non-derivative financial assets			
- Beneficiary certificates	$ -	$ -	$ 3,012
Financial assets - non-current			
Non-derivative financial assets			
- Non-TWSE/TPEx-listed and emerging stocks	$ 94,272	$ 239,486	$ 264,491

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2020	December 31, 2019	September 30, 2019
Non-current			
Investments in equity instruments at fair value through other comprehensive income			
Non-TWSE/TPEx-listed stocks	$ 106,346	$ 116,793	$ 102,418

9. NOTES AND ACCOUNTS RECEIVABLE

	September 30, 2020	December 31, 2019	September 30, 2019
Notes and accounts receivable			
Measured at amortized cost			
Total carrying amount	$ 703,599	$ 546,530	$ 351,749
Less: Loss allowance	(3,620)	(5,066)	(3,998)
	$ 699,979	$ 541,464	$ 347,751

The average credit period for the Group's rendering of services was 90 days. The Group recognizes loss allowance for notes and accounts receivable in accordance with lifetime expected credit loss. Lifetime expected credit losses are calculated based on the provision matrix which accounts for the customer's past default records, current financial position, and economic conditions in the industry. GDP forecasts and the outlook of the industry are also considered. Since the Group’s historical experience of credit loss indicates no significant difference in the loss patterns between various customer segments, the Group does not classify customers into different segments but determines the expected credit loss rate based on the overdue days of notes and accounts receivable.

The Group writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For notes and accounts receivable that has been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The loss allowance for notes and accounts receivables measured by the Group according to the provision matrix is as follows:

September 30, 2020

	Not past due	1 to 90 days past due	91 to 120 days past due	121 to 180 days past due	Over 180 days past due	Total
Total carrying amount	$ 623,850	$ 71,097	$ 2,126	$ 2,750	$ 3,776	$ 703,599
Loss allowance (lifetime expected credit loss)	(2,781)	(53)	(22)	(208)	(556)	(3,620)
Amortized cost	$ 621,069	$ 71,044	$ 2,104	$ 2,542	$ 3,220	$ 699,979

December 31, 2019

	Not past due	1 to 90 days past due	91 to 120 days past due	121 to 180 days past due	Over 180 days past due	Total
Total carrying amount	$471,769	$ 53,761	$ -	$ -	$ 21,000	$546,530
Loss allowance (lifetime expected credit loss)	(1,180)	(529)	-	-	(3,357)	(5,066)
Amortized cost	$470,589	$ 53,232	$ -	$ -	$ 17,643	$541,464

September 30, 2019

	Not past due	1 to 90 days past due	91 to 120 days past due	121 to 180 days past due	Over 180 days past due	Total
Total carrying amount	$290,510	$ 32,362	$ 270	$ 332	$ 28,275	$351,749
Loss allowance (lifetime expected credit loss)	(429)	(93)	(3)	(22)	(3,451)	(3,998)
Amortized cost	$290,081	$ 32,269	$ 267	$ 310	$ 24,824	$347,751

For the Group's expected credit loss rate for each of the periods above (excluding abnormal payments that have been 100% listed), the payments not past due and within 120 days past due are within 5%, and the payments over 120 days past due are between 8% and 100%.

Changes in loss allowance for notes and accounts receivable are as follows:

	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Balance as of January 1	$ 5,066	$ 610
Add: Impairment loss provided (reversed) for the period	(1,446)	3,388
Balance as of September 30	$ 3,620	$ 3,998

10. INVENTORIES (APPLICABLE TO THE CONSTRUCTION INDUSTRY)

	September 30, 2020	December 31, 2019	September 30, 2019
Land held for construction			
Fengming section in Yingge District	$ 134,909	$ 134,909	$ 132,276
Xinhua section in Xinzhuang District	-	532,510	490,353
Xinzhi section in Xinzhuang District	661,906	533,382	520,036
Chuangyan section in Taichung City	1,113,736	-	-
Nangang section in Nangang District	526,378	-	-
Properties under development			
Fengming section in Yingge District	563,825	462,701	415,228
Xinhua section in Xinzhuang District	545,830	-	-
Prepayments for land			
Chuangyan section in Taichung City	-	771,661	-
Xinbei section in Xinshi District, Tainan City	211,377	-	-
Fuqian section in West Central District, Tainan City	100,100	-	-
	$ 3,858,061	$ 2,435,163	$ 1,557,893

a. The lots of land held for construction above have been acquired for residential development.

b. In order to ensure the smooth completion of construction project, delivery of housing units and compliance with the performance guarantee provisions of the trust, the Group will proceed with the trust deed for properties under construction. The projects with signed trust deed and the types of trust deed signed are summarized as follow:

Name of Project	Type of Trust	Trust Bank
Fengming section in Yingge District	Real estate development trust	Bank SinoPac
Xinhua section in Xinzhuang District	Real estate development trust	Mega International Commercial Bank

The Group has entrusted trustees to carry out fund management, property management, the payment of financing borrowings, necessary expenses incurred due to the trust and various taxes.

c. Prepayments for the lots of land above were resulted from payments for land contracts made for the Group's future operations and property development sales plans.

d. For information on properties pledged as collateral for borrowings, refer to Note 25.

11. OTHER INTANGIBLE ASSETS

	September 30, 2020	December 31, 2019	September 30, 2019
Prepayments	$ 165,231	$ 25,965	$ 38,393
Others	9,048	16,550	9,485
	$ 174,279	$ 42,515	$ 47,878

The aforesaid prepayments made in 2020 were mainly resulted from the first phase contract payment made by the Group for the acquisition of land in Banqiao District totaling NT$85,013 thousand. In addition, the Group has reached an agreement with the landlord to integrate all the lots of land in this section within three months. As the integration project is still in progress, these prepayments have been classified under other current assets.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the consolidated financial statements are listed as follows:

			Proportion of Ownership (%)			
Name of Investor	Name of Subsidiary	Nature of Business	September 30, 2020	December 31, 2019	September 30, 2019	Description
The Company	Hi-Yes Construction Co., Ltd.	Property trading and leasing as well as office complex development and leasing	100%	99.99%	99.99%	1
	Haixia Construction Co., Ltd.	Property trading and leasing as well as office complex development and leasing	100%	100%	100%	1
	Haixin International Co., Ltd.	Property trading and leasing as well as office complex development and leasing	85%	85%	85%	1
	Haiyan Construction Co., Ltd.	Development and leasing of residences and office complexes	70%	70%	70%	1

	Haiju Development Co., Ltd.	Property trading and leasing as well as office complex development and leasing	85%	85%	85%	1
	Haihui Construction Co., Ltd.	Development and leasing of residences and office complexes	80%	-	-	1.2.
	Hiyu International Co., Ltd.	Property trading and leasing as well as office complex development and leasing	85%	-	-	1.3.
Haixia Construction Co., Ltd.	Yueda Construction Co., Ltd.	Development and leasing of residences and office complexes	55%	55%	55%	1

Note:

1) The company is not a major subsidiary. Its financial statements have not been reviewed by CPAs.

2) This subsidiary was established in January 2020.

3) This subsidiary was established in April 2020.

b. Subsidiaries not included in the consolidated financial statements: None.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associates

	September 30, 2020	December 31, 2019	September 30, 2019
Associates not individually significant			
JP Vendome Co., Ltd.	$ 4,806	$ 4,806	$ 5,001
Liansheng Investment Co., Ltd.	49,319	48,889	59,953
Hongsheng Real Estate Co., Ltd.	15,947	16,000	-
	$ 70,072	$ 69,695	$ 64,954

	Percentage of Ownership and Voting Rights		
	September 30, 2020	December 31, 2019	September 30, 2019
Associates not individually significant			
JP Vendome Co., Ltd.	30%	30%	30%
Liansheng Investment Co., Ltd.	20%	20%	20%
Hongsheng Real Estate Co., Ltd.	32%	32%	-

For information on the nature of business, main business location and country of incorporation of the associates above, refer to Note 4.

The share of profit and loss and other comprehensive income of the associates and the Group accounted for using the equity method above are recognized based on each associate's financial statements that have not been reviewed by CPAs during the same period.

14. PREPAYMENTS FOR INVESTMENTS

	September 30, 2020
Prepayments for investments	$213,512

In 2017, the Group, along with How Yu Construction Co., Ltd. and Fu Le M.E.M. Co., Ltd., jointly established "Jin Yutai Co., Ltd.," a dedicated company for developing superficies, in order to obtain the superficies development project at the former site of Taipei City Council. In December 2017, the company completed the signing of a superficies contract with the Taipei City Government. As the superficies development project on the aforesaid lot of land was suspended due to problems related to the company, the Board of Directors passed the resolution to acquire 50,000 thousand ordinary shares of Jin Yutai Co., Ltd. at a price of NT$4.25 per share totaling NT$2,125,000 thousand on September 16, 2020, so that the Group can continue the execution of this project. Together with the shares originally held, the Group has acquired 50.23% of the equity of Jin Yutai Co., Ltd.

The Group is currently applying to the Ministry of Economic Affairs for convening an extraordinary shareholders' meeting. Since the Group is unable to direct the company's related activities and has no substantial control of the company, this payment is classified under prepayments for investments.

15. BORROWINGS

a. Short-term borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
Secured borrowings (Note 25)			
- bank loan	$ 782,650	$ 280,000	$ 100,000
Unsecured borrowings			
- bank loan	920,000	379,000	825,000
	$ 1,702,650	$ 659,000	$ 925,000

The interest rates for bank revolving loans were 1.12% to 1.95%, 1.38% to 1.98% and 1.38% to 2.10% on September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

b. Long-term borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
Secured borrowings (Note 25)			
- bank loan (1)	$ 161,250	$ 161,250	$ 161,250
- bank loan (2)	55,000	55,000	46,200
- bank loan (3)	396,000	396,000	396,000
- bank loan (4)	98,400	39,360	19,680
- bank loan (5)	881,800	-	-
Subtotal	1,592,450	651,610	623,130
Unsecured borrowings			
- bank loan (5)	-	551,088	-
- bank loan	483,448	100,000	100,000
Subtotal	483,448	651,088	100,000
Less: Portion due within one year	(158,448)	-	-
	$ 1,917,450	$ 1,302,698	$ 723,130

The interest rates for long-term bank loans were 1.48% to 2.35%, 1.87% to 2.61% and 1.87% to 2.61% on September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

1) On September 27, 2013, the Group pledged land held for construction to secure a loan of NT$147,500 thousand (which became properties under development in the first quarter of 2019), while on June 29, 2018, the Group appropriated NT$13,750 thousand, totaling NT$161,250 thousand and the due date of the original loan is extended to September 27, 2022. The interest is paid monthly and the principal will be repaid in a lump sum when the loan is due.
2) The Group took out a loan of NT$46,200 thousand, secured by land held for construction, on April 11, 2014. The original loan maturity date was April 11, 2017, and was then extended to April 11, 2021. In addition, on December 25, 2019, the remaining land financing loan in the amount of NT$8,800 thousand was appropriated. In total, it was in the amount of NT$55,000 thousand. The interest is paid monthly and the principal will be repaid in a lump sum when the loan is due.
3) On September 25, 2019, the Group pledged land held for construction to secure a loan of NT$396,000 thousand, with a due date of September 25, 2023. The interest is paid monthly and the principal will be repaid in a lump sum when the loan is due.
4) Due to the financing needs for joint construction, the Group took out a trust loan of NT$19,680 thousand on July 25, 2019 by pledging the land held for whole construction project, and appropriated NT$19,680 thousand respectively on October 25, 2019, January 30, 2020, April 28, 2020, and August 25, 2020, amounting to a total of NT$98,400 thousand. The due date of the loan is September 30, 2022. The interest is paid monthly and the principal will be repaid in a lump sum when the loan is due.
5) The Group borrowed NT$551,088 thousand from the bank on November 29, 2019, and had the remaining land financing loan in the amount of NT$330,712 thousand appropriated on January 21, 2020, while obtaining a land transfer certificate on February 26, 2020 to secure a loan of NT$881,800 thousand using land held for construction site. The loan maturity date is March 31, 2022. The interest is paid monthly and the principal will be repaid in a lump sum when the loan is due.

16. BONDS PAYABLE

	September 30, 2020	December 31, 2019	September 30, 2019
Domestic secured convertible corporate bonds	$ -	$ 436,900	$ 500,000
Discount on corporate bonds payable	-	(19,653)	(23,709)
	$ -	$ 417,247	$ 476,291

On July 16, 2019, the Group issued 5,000 units of New Taiwan dollar-denominated secured convertible corporate bonds at a coupon rate of 0% with a principal amount of NT$500,000 thousand.

The holder of each unit of corporate bond is entitled to convert it into the ordinary shares of the Group at NT$50 per share. The conversion price shall then be adjusted in accordance with the said formula. Beginning August 5, 2019, the conversion price is $46 per share. The issuance period is from October 17, 2019 to July 16, 2024.

From three months after the issuance of the corporate bonds to 40 days before the expiration of the expiration of the bond, if the closing price of the Group's ordinary shares in the centralized trading market exceeds the current conversion price by 30% or more for 30 consecutive business days, or when the outstanding balance of the corporate bonds is less than 10% of the total amount upon the original issuance, the Company may redeem them in cash at the par value of the bond.

On the date when the convertible bonds have been issued for three years, the bondholders may require the Group to redeem the convertible bonds held by them in cash at par value plus interest compensation.

These convertible corporate bonds include the liability and equity components, where the equity component is recorded in capital surplus-stock options under equity. The equity component is initially recognized at the effective interest rate of 1.01%.

Issue price (minus transaction cost NT$5,250 thousand)	$ 494,750
Equity component	(18,642)
Deferred tax assets	1,050
Financial liabilities	(1,884)
Liability component on the issue date	$ 475,274
Liability component as of January 1, 2020	$ 417,247
Interest based on effective interest rate	2,092
Corporate bonds payable converted into ordinary shares	(418,666)
Redemption of corporate bonds	(673)
Liability component as of September 30, 2020	$ -

On August 24, 2020, the trading of these convertible corporate bonds on Taipei Exchange (TPEx) was suspended. For any outstanding convertible corporate bonds that have not been converted, the Group redeemed the remaining convertible corporate bonds held by bondholders in accordance with the regulations concerning the issuance of convertible corporate bonds.

17. RETIREMENT BENEFIT PLANS

The "Labor Pension Act" applicable to the Group is a defined contribution plan under government administration that contributes 6% of employees' monthly salary to their personal accounts at the Bureau of Labor Insurance. For the contributions made by the Group in accordance with the specified percentages of the defined contribution plans, refer to Note 20.

18. EQUITY

a. Share capital

	September 30, 2020	December 31, 2019	September 30, 2019
Number of shares authorized (in thousands)	200,000	200,000	200,000
Share capital authorized	$ 2,000,000	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousand shares)	96,784	86,972	85,600
Share capital issued	$ 967,836	$ 856,000	$ 856,000
Share capital to be registered	$ -	$ 13,717	$ -

The par value of ordinary shares issued is NT$10 per share. Each share is entitled to the right to vote and receive dividend.

b. Capital surplus

	September 30, 2020	December 31, 2019	September 30, 2019
May be used to offset a deficit, distributed as cash dividends or transferred to share capital			
Premium on conversion of corporate bonds	$ 384,377	$ 48,875	$ -
May only be used to offset deficits			
Expired stock options	26	-	-
Not for any purpose			
Share options for convertible corporate bonds	-	16,289	18,642
	$ 384,403	$ 65,164	$ 18,642

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's Articles of Incorporation, provided that the Company has net profit for the current year, it shall be first used to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. For the policy on the distribution of employees' compensation and remuneration of directors and supervisors, refer to Note 20(6). - "Employees' compensation and remuneration of directors and supervisors."

In accordance with the Company's Articles of Incorporation, dividends may be distributed in the form of cash or shares, among which cash dividends shall not be less than 10% of the total dividends.

The legal reserve shall be supplemented until the balance reaches the Company's total paid-in capital. The legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

A special reserve has been appropriated and reversed by the Company in accordance with the provisions of the FSC No. 1010012865.

The appropriations of earnings for 2019 and 2018 had been approved in the shareholders' meeting held on June 12, 2020 and June 17, 2019, respectively as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2019	2018	2019	2018
Legal reserve	$ 58,058	$ 46,178	$ -	$ -
Special reserve	181	29,610	-	-
Cash dividends	393,818	325,280	4.5	3.8

19. REVENUE

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Revenue from contracts with customers				
Service revenue	$ 1,107,443	$ 447,435	$ 2,346,175	$ 896,610

a. Contract balance

	September 30, 2020	December 31, 2019	September 30, 2019
Accounts and notes receivable	$ 607,109	$ 491,034	$ 291,770
Accounts and notes receivable from related parties	$ 92,870	$ 50,430	$ 55,981
Contract assets - current	$ 173,171	$ 88,887	$ 59,654
Contract liabilities - non-current	$ 259,143	$ 32,907	$ -

Changes in contract assets and contract liabilities are caused mainly by the difference in timing between when performance obligations are fulfilled and when customers make payments.

b. Contract cost-related assets

	September 30, 2020	December 31, 2019	September 30, 2019
Current			
Incremental cost of obtaining contracts	$ 3,961	$ 489	$ -

(Continued on the next page)

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	September 30, 2020	December 31, 2019	September 30, 2019
Costs of fulfilling contracts			
Marketing agency project AA0816	$ 35,605	$ 28,766	$ 18,768
Marketing agency project AA0826	34,654	-	-
Marketing agency project AA0910	24,936	-	-
Marketing agency project AC0902	22,299	-	-
Marketing agency project AA0821	$ 21,598	$ 25,894	$ 23,943
Marketing agency project AA0909	18,920	-	-
Marketing agency project AD0901	17,831	-	-
Marketing agency project AA0711	17,188	28,879	32,417
Others	158,826	235,958	186,625
	$ 351,857	$ 319,497	$ 261,753

c. Breakdown of revenue from contracts with customers

The operating revenue of the Group was derived from sales service income from property marketing agency projects.

20. COMPREHENSIVE INCOME

a. Other income

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Dividend income	$ 1,139	$ 1,677	$ 145,381	$ 112,952
Others	2,326	22	2,924	56
	$ 3,465	$ 1,699	$ 148,305	$ 113,008

b. Other gains and losses

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Net gain (loss) on financial assets at fair value through profit or loss	($ 72,037)	($ 1,332)	($ 65,373)	($ 1,613)
Net gain (loss) on foreign exchange	(1,049)	(40)	(1,739)	649
Others	(4,757)	(6,833)	(6,884)	(6,858)
	($ 77,843)	($ 8,205)	($ 73,996)	($ 7,822)

c. Finance costs

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Interest on bank borrowings	$ 15,101	$ 4,819	$ 40,117	$ 12,735
Interest on lease liabilities	88	60	282	119
Interest on corporate bonds	156	1,017	2,092	1,017
Total interest expense on financial liabilities not measured at fair value through profit or loss	15,345	5,896	42,491	13,871
Less: Amounts included in the cost of required assets	(13,877)	(1,490)	(33,054)	(5,110)
	$ 1,468	$ 4,406	$ 9,437	$ 8,761

Information on interest capitalization is as follows:

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Amount of interest capitalization	$ 13,877	$ 1,490	$ 33,054	$ 5,110
Interest rate on interest capitalization	1.12%~2.35%	1.39% to 2.61%	1.12%~2.35%	1.39% to 2.61%

d. Depreciation and amortization

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Property, plant and equipment	$ 1,761	$ 196	$ 4,493	$ 407
Right-of-use assets	1,149	668	3,447	1,265
Intangible assets	367	59	1,359	59
Total	$ 3,277	$ 923	$ 9,299	$ 1,731
Depreciation expenses summarized by function				
Operating expenses	$ 2,910	$ 864	$ 7,940	$ 1,672
Amortized cost summarized by function				
Operating expenses	$ 367	$ 59	$ 1,359	$ 59

e. Employee benefit expense

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Short-term employee benefits	$ 144,025	$ 52,348	$ 362,603	$ 153,234
Post-employment benefits (Note 17)				
Defined contribution plans	2,388	1,711	6,674	4,225
Total employee benefits	$ 146,413	$ 54,059	$ 369,277	$ 157,459
Summarized by function				
Operating expenses	$ 146,413	$ 54,059	$ 369,277	$ 157,459

f. Employees' compensation and remuneration of directors and supervisors

According to the Company's Articles of Incorporation, the Company shall appropriate no less than 1% and no more than 3% of its net income before tax before deducting employees' compensation and remuneration of directors and supervisors for the current year, for employees' compensation and remuneration of directors and supervisors. Employees' compensation and remuneration of directors and supervisors for the three months ended September 30, 2020 and 2019 and the nine months ended September 30, 2020 and 2019 are as follows:

Estimated percentage

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Employees' compensation	1%	1%	1%	1%
Remuneration of directors and supervisors	1%	1%	1%	1%

Amount

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Employees' compensation	$ 4,865	$ 1,683	$ 10,848	$ 3,922
Remuneration of directors and supervisors	$ 4,865	$ 1,683	$ 10,848	$ 3,922

If there is still any change in amount after the annual consolidated financial statements were authorized for issue, the differences shall be treated as a change in accounting estimate in the following year.

Employees' compensation and remuneration of directors and supervisors for 2019 and 2018 approved by the Board of Directors on March 18, 2020 and March 21, 2019, respectively, are as follows:

	2019	2018
	Cash	Cash
Employees' compensation	$ 6,675	$ 4,818
Remuneration of directors and supervisors	6,675	4,818

The is no discrepancy between the actual amounts appropriated for employees' compensation and remuneration of directors and supervisors for 2019 and 2018 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

For information on employees' compensation and remuneration of directors and supervisors approved by the Company's Board of Directors, visit the Market Observation Post System provided by TWSE.

21. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Current tax				
For the current period	$ 110,169	$ 35,884	$ 221,000	$ 62,153
Additional tax on unappropriated earnings	-	-	5,650	3,036
Adjustments for prior years	-	-	214	(3,328)
	110,169	35,884	226,864	61,861
Deferred income tax				
For the current period	363	72	777	72
Income tax expense recognized in profit or loss	$ 110,532	$ 35,956	$ 227,641	$ 61,933

b. Income tax assessment

The years of assessment for the income tax returns of the Group are as follows:

Name of Company	Year of Assessment
Hi-Yes International Co., Ltd.	2018
Hi-Yes Construction Co., Ltd.	2018
Haixia Construction Co., Ltd.	2018
Yueda Construction Co., Ltd.	2018
Haixin International Co., Ltd.	2017
Haiyan Construction Co., Ltd.	-
Haiju Development Co., Ltd.	-
Haihui Construction Co., Ltd.	-
Hiyu International Co., Ltd.	-

22. EARNINGS PER SHARE

(In NT$ per share)

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Basic earnings per share	$ 3.91	$ 1.61	$ 9.35	$ 3.99
Diluted earnings per share	$ 3.85	$ 1.47	$ 8.72	$ 3.88

The net income for the purpose of calculating earnings per share and the weighted average number of ordinary shares are as follows:

Net income

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Net income for the purpose of calculating basic earnings per share	$ 372,316	$ 137,669	$ 844,296	$ 341,963
Effect of potentially dilutive ordinary shares:				
Convertible corporate bonds	311	1,017	635	1,017
Net income for the purpose of calculating diluted earnings per share	$ 372,627	$ 138,686	$ 844,931	$ 342,980

Number of shares

(In thousands shares)

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Weighted average number of ordinary shares used in the computation of diluted earnings per share	95,271	85,600	90,272	85,600
Effect of potentially dilutive ordinary shares:				
Employees' compensation	54	86	161	113
Convertible corporate bonds	1,448	8,352	6,476	2,794
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	96,773	94,038	96,909	88,507

If the Group chooses to offer employees' compensation or share profits in the form of cash or shares, then while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential ordinary shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential ordinary shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employees' compensation is approved in the following year.

23. FINANCIAL INSTRUMENTS

a. Fair value information - financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value.

b. Fair value information - financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Non-TWSE/TPEx-listed and emerging stocks	$ -	$ 7,589	$ 86,683	$ 94,272
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
- Non-TWSE/TPEx-listed stocks	$ -	$ -	$ 106,346	$ 106,346

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Non-TWSE/TPEx-listed and emerging stocks	$ -	$ 16,291	$ 223,195	$ 239,486
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
- Non-TWSE/TPEx-listed stocks	$ -	$ -	$ 116,793	$ 116,793
Financial liabilities at fair value through profit and loss				
Corporate bond options	$ -	$ 175	$ -	$ 175

September 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund beneficiary certificates	$ 3,012	$ -	$ -	$ 3,012
Non-TWSE/TPEx-listed and emerging stocks	-	16,304	248,187	264,491
Total	$ 3,012	$ 16,304	$ 248,187	$ 267,503
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
- Non-TWSE/TPEx-listed stocks	$ -	$ -	$ 102,418	$ 102,418

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2020 and 2019.

2) Valuation techniques and inputs measured at Level 2 fair value

Category of Financial Instruments	Valuation Technique and Inputs
Emerging stocks	The most recent transaction prices of the investees in the emerging stock market.
Derivatives – repurchase and redemption right of convertible corporate bonds	Binomial Tree Model for Convertible Corporate Bond Pricing: The fair value of convertible corporate bonds as a financial asset estimated based on the observable stock prices, risk-free interest rate and risk discount rate at the end of the period.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

There were no non-TWSE/TPEx-listed stocks in the active market; thus, appraisal was conducted based on the asset-based approach and the market approach.

The asset-based approach is to appraise the fair value mainly based on the net asset value after the fair value measurement carried out by independent experts. The unobservable inputs adopted by the Group are liquidity discount and non-controlling Interests, in order to appraise the fair value.

The market approach is mainly to appraise the fair value with reference to the recent financing activities of the invested targets or market transaction prices and market conditions for similar investment targets.

c. Classification of financial instruments

	September 30, 2020	December 31, 2019	September 30, 2019
Financial assets			
Financial assets at fair value through profit or loss	$ 94,272	$ 239,486	$ 267,503
Financial assets at amortized cost (Note 1)	2,359,007	1,508,083	1,661,520
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	106,346	116,793	102,418
Financial liabilities			
Financial liabilities at fair value through profit and loss	-	175	-
Measured at amortized cost (Note 2)	4,023,586	2,671,722	2,343,400

1) The balance includes financial assets, such as cash, pledged time deposit certificates, pledged deposits, notes receivable, accounts receivable, and other receivables measured at amortized cost.

2) The balance includes short-term borrowings, notes and accounts payable, corporate bonds payable, long-term liabilities and long-term borrowings due within one year, and other financial liabilities measured at amortized cost.

d. Financial risk management objectives and policies

The current major financial instruments of the Group include notes and accounts receivable, other receivables, long-term receivables, notes and accounts payable, corporate bonds payable, borrowings, and lease liabilities. The financial management department of the Group executes the policies approved by the Board of Directors, coordinates the risk management of financial markets, and identifies, evaluates, and avoids financial risks related to the operation of the Group in accordance with the regulations. These risks include market risks (including interest rate risk and other price risks), credit risk, and liquidity risk.

The financial management department reports irregularly to the management of the Group, which is an organization of the Group responsible for overseeing risks and implementing policies to mitigate risk exposed.

1) Interest rate risk

The Group has been exposed to interest rate risk through its fixed and floating-rate borrowings. The Group manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of financial assets and the financial liabilities of the Group exposed to interest rate risk on the balance sheet date are as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Interest rate risks with fair value			
- Financial assets	$ 70,113	$ 20,032	$ 20,000
- Financial liabilities	16,791	437,374	476,291
Interest rate risks with cash flow			
- Financial assets	1,565,513	926,419	1,277,375
- Financial liabilities	3,778,548	1,961,698	1,648,130

Sensitivity analysis

If interest rate increase/decrease 0.5% and all other variables stay constant, the Group's net income before tax for the nine months periods ended September 30, 2020 and 2019 would have increased/decreased NT$8,299 thousand and NT$1,391 thousand, mainly as a result of the net effect of changes in interest income and expenses of the Group's floating rate term deposits and borrowings.

2) Credit risk

Credit risks refer to risks that cause financial loss to the Group due to the counterparty's delay in honoring contractual obligations. As of the balance sheet date, the Group's possible maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform obligations by the counterparties and the Group's provision of financial guarantee is mainly arising from the carrying amount of the financial assets recognized in the balance sheet.

The policy adopted by the Group is to only conduct transactions with companies with outstanding reputation and ratings equal to or above the investment level, and obtain sufficient guarantee if necessary to reduce the risk of financial losses due to arrears. The Group will use publicly obtainable financial information and past records of transaction with the Group to rate main customers. The Group continues to monitor credit risk exposure and the credit ratings of counterparties and distributes total transaction amounts among customers with qualified credit ratings. It also controls credit risk exposure through reviews and approval of credit limit of counterparties by the management.

The Group continuously assesses the financial position of its customers for the accounts receivable.

The Group does not have material credit risk exposure with any single transaction counterparty or any combination of transaction counterparties of similar characteristics. Where the parties in transactions are associates, the Group defines them as transaction counterparties of similar characteristics.

3) Liquidity risk

The Board of Directors bears the ultimate liability for the liquidity risk management of the Group. The Group has established an appropriate liquidity risk management framework to meet its management demand for short-term, mid-term, and long-term funding and liquidity. The Group manages liquidity risk by maintaining adequate financing limit with banks and borrowing commitments as well as continuously monitoring the expected and actual cash flows and the maturity portfolio of financial assets and liabilities.

a) Table on the liquidity and interest risks of non-derivative financial liabilities

The following tables provide maturity analysis of non-derivative financial liabilities for which repayment dates have been agreed upon. This table is based on the earliest date on which the Group can be required to repay the financial liability and the undiscounted cash flow of the financial liability, which includes the cash flow from interests and the principal. The bank loans and convertible corporate bonds which the Group may be required to repay immediately are listed in the following table and categorized by the earliest period disregarding the probability of exercising such right on instance by the bank. The analysis of the maturity of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

September 30, 2020

	Repayment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ -	$ 541,695	$ -	$ -	$ -
Lease liabilities	402	804	3,548	12,700	-
Liabilities with floating interest rates	89,654	360,507	1,437,693	1,973,214	-
	$ 90,056	$ 903,006	$ 1,441,241	$ 1,985,914	$ -

December 31, 2019

	Repayment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ -	$ 512,222	$ -	$ -	$ -
Lease liabilities	402	804	3,620	16,248	-
Liabilities with floating interest rates	3,191	6,382	681,659	1,340,533	-
Liabilities with fixed rates	-	-	-	417,247	-
	$ 3,593	$ 519,408	$ 685,279	$ 1,774,028	$ -

September 30, 2019

	Repayment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Lease liabilities	$ 210	$ 467	$ 2,101	$ 9,015	$ -
Non-interest-bearing liabilities	-	320,308	-	-	-
Liabilities with floating interest rates	2,646	5,292	971,661	723,250	-
Liabilities with fixed rates	-	-	-	476,291	-
	$ 2,856	$ 326,067	$ 973,762	$ 1,208,556	$ -

b) Credit limit

	September 30, 2020	December 31, 2019	September 30, 2019
Credit drawdowns	$ 3,778,548	$ 1,961,698	$ 1,648,130
– Credit unused	984,300	1,262,102	563,870
	$ 4,762,848	$ 3,223,800	$ 2,212,000

24. TRANSACTIONS WITH RELATED PARTIES

All transactions between the Company and its subsidiaries (related parties of the Company), account balances, income, and expenses are eliminated upon consolidation and therefore are not shown in this note. In addition to those disclosed in other notes, the transactions between the Group and other related parties are as follows.

a. Name and relationships of related parties

Name of related party	Relationship with the Group
Xihua Construction Co., Ltd.	Substantial related party
Dacheng Advertising Co., Ltd.	Substantial related party
Haiyue Development Co., Ltd.	Substantial related party
Haiyue Advertising Co., Ltd.	Substantial related party
Haihua Advertising Co., Ltd.	Substantial related party
Haijia Advertising Co., Ltd.	Substantial related party
Mega Building Development Co., Ltd.	Substantial related party
Hi-Yes Real Estate Development Co., Ltd.	Substantial related party
JP Vendome Co., Ltd.	Associate
Liansheng Investment Co., Ltd.	Associate
Hongsheng Real Estate Co., Ltd.	Associate

b. Operating revenue

Accounting Item	Type of related party	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Service revenue	Substantial related party				
	Mega Building Development Co., Ltd.	$ 56,165	$ 83,675	$ 150,801	$ 109,185
	Others	-	619	-	3,212
		$ 56,165	$ 84,294	$ 150,801	$ 112,397

c. Operating costs

Accounting Item	Type of Related Party	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Service costs	Substantial related party	$ 827	$ 2,618	$ 6,195	$ 3,134

d. Receivables from related parties

Accounting Item	Type/Name of Related Party	September 30, 2020	December 31, 2019	September 30, 2019
Accounts and notes receivable	Substantial related party			
	Mega Building Development Co., Ltd.	$ 92,870	$ 50,430	$ 54,991
	Others	-	-	990
		$ 92,870	$ 50,430	$ 55,981

The outstanding amount of payables to related parties is not collateralized. For the nine months ended September 30, 2020 and 2019, there was no impairment of accounts receivable from related parties; therefore, no loss allowance was provided.

e. Payables to related parties

Accounting Item	Type/Name of related party	September 30, 2020	December 31, 2019	September 30, 2019
Accounts and notes payable	Substantial related party	$ 929	$ -	$ -

f. Transactions with other related parties

Accounting Item	Type of Related Party	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Rent expenses	Substantial related party	$ 1,487	$ 1,486	$ 4,610	$ 2,928

g. Compensation of key management personnel

The remuneration of directors and other key management personnel is as follows:

	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Short-term employee benefits	$ 4,808	$ 3,080	$ 11,889	$ 9,623
Post-employment benefits	54	38	117	141
	$ 4,862	$ 3,118	$ 12,006	$ 9,764

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on personal performance and market trends.

25. ASSETS PLEDGED AS COLLATERAL

The following assets have been provided as collateral for borrowings:

	September 30, 2020	December 31, 2019	September 30, 2019
Pledged time deposit certificates (classified under financial assets at amortized cost)	$ 70,113	$ 20,032	$ 20,000
Inventories (applicable to the construction industry)	3,511,442	1,628,360	1,451,000
Financial assets at fair value through profit or loss	-	-	219,312
Reserve account and trust account (classified under financial assets measured at amortized cost)	161,913	72,428	56,942
	$ 3,743,468	$ 1,720,820	$ 1,747,254

26. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

After considering the Company's operational situation and capital position, the Board of Directors passed the resolution to support the Company's original plan using its own funds on October 5, 2020. Therefore, the Company applied for the cancellation of the second domestic unsecured convertible corporate bonds, which was approved by the competent authority on October 6, 2020.

In October 2020, the Company acquired land for development and sale in the Laicuobu section located in North District, Taichung City. The total transaction amount was NT$655,011 thousand.

27. SEGMENT INFORMATION

The Group’s only reportable segment is the real estate marketing agency.

28. OTHER DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Lending of funds to others: None.
2) Endorsement/guarantee provided for others: Table 1.
3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 2.
4) Accumulated purchase or disposal of individual marketable securities of at least NT$300 million or 20% of the paid-in capital: None.
5) Acquisition of real estate at prices of at least NT$300 million or 20% of the paid-in capital: Table 3.
6) Disposal of real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None.
8) Accounts receivable from related parties of at least NT$100 million or 20% of the paid-in capital: None.
9) Derivative financial instrument transactions: None.
10) Others: Business relationships and significant transactions between the parent company and subsidiaries: None.
11) Information on investees: Table 4.

c. Information on investments in Mainland China: None.
d. Information on major shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%. Table 5.

HI-YES INTERNATIONAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED FOR OTHERS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Table 1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 2)	Maximum Balance for this Period	Ending Balance	Actual Amount Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/Guarantee Amount Allowed	Endorsement/Guarantee Provided by the Parent Company to a Subsidiary	Endorsement/Guarantee Provided by a Subsidiary to the Parent Company	Endorsement/Guarantee Provided to Subsidiaries in Mainland China	Remark
		Name	Relationship (Note 1)											
1	The Company	Haixin International Co., Ltd.	2	$ 2,622,110	$ 150,000	$ 50,000	$ -	$ -	1.91%	$ 5,244,220	Yes	-	-	—
2	The Company	Yueda Construction Co., Ltd.	2	2,622,110	428,000	378,000	118,400	-	14.42%	5,244,220	Yes	-	-	—
3	The Company	Haiju Development Co., Ltd.	2	2,622,110	93,000	93,000	84,650	-	3.55%	5,244,220	Yes	-	-	—
4	The Company	Haiyan Construction Co., Ltd.	2	2,622,110	387,600	387,600	-	-	14.78%	5,244,220	Yes	-	-	—
5	The Company	Hiyu International Co., Ltd.	2	2,622,110	110,000	110,000	110,000	-	4.20%	5,244,220	Yes	-	-	—

Note 1: Listed below are two types of companies to which the Company may provide endorsement/guarantee:

a. Companies with which the Company conducts business.

b. Subsidiaries in which the Company directly and indirectly holds more than 50% of their ordinary shares.

Note 2: Limitation on endorsement/guarantee provided to a single enterprise: 100% of the net worth as stated in its latest financial statement audited or reviewed by CPAs for subsidiaries in which the Company holds no more than 90% of the ordinary shares: NT$2,622,110 thousand*100% = NT$2,622,110 thousand.

Note 3: The maximum amount of endorsement/guarantee is 200% of the net value as stated in its latest financial statement audited or reviewed by CPAs: NT$2,622,110 thousand*200% = NT$5,244,220 thousand.

HI-YES INTERNATIONAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2020

Table 2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Financial Statement Account	September 30, 2020				Remark
				Number of Shares/Units (In Thousand Shares/Units)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock							
	Zanfu Construction Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	864	$ 86,683	10.53	$ 86,683	—
	Jin Yutai Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	5,250	-	4.77	-	—
	Taiwan Leader Biotech Corporation	None	Financial assets at fair value through profit or loss - non-current	662	7,589	1.47	7,589	—
	eChem Solutions Corporation	None	Financial assets at fair value through other comprehensive income - non-current	1,226	35,359	1.89	35,359	—
	Powerchip Technology Corporation	None	Financial assets at fair value through other comprehensive income - non-current	917	26,323	0.07	26,323	—
	Dushanlin Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	4,550	27,709	10.00	27,709	—
	Powerchip Semiconductor Manufacturing Corporation	None	Financial assets at fair value through other comprehensive income - non-current	1,679	16,955	0.05	16,955	—

Note 1: Marketable securities in this table refer to stocks as promulgated in IFRS 9 "Financial Instruments" and the securities derived from the items above.

Note 2: For information on investments in subsidiaries and associates, refer to Table 4.

HI-YES INTERNATIONAL CO., LTD. AND SUBSIDIARIES

ACQUISITION OF REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20$ OF THE PAID-IN CAPITAL

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Table 3

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Acquirer of Real Estate	Name of Property	Date of Occurrence	Transaction Amount	Payment Status	Counterparty	Relationship	Prior Transaction of Related Counterparty				Basis or Reference for Price Setting	Purpose of Acquisition	Other Terms
							All Parties	Relationship with the Issuer	Date of Transfer	Amount			
Hi-Yes International Co., Ltd.	Four lots of land in the Nangang section located in Nangang District, Taipei City	January 10, 2020	$ 523,512	Fully repaid in accordance with the terms and conditions of the contract.	Highwealth Construction Corporation	Non-related party	N/A	N/A	N/A	$ -	Negotiated with reference to market conditions and approved by the Board of Directors	Part of the Company's business to increase operating revenue	None
Hi-Yes International Co., Ltd.	Land in the Fuqian section located in Central West District, Tainan City	July 30, 2020	500,000	Performed in accordance with the payment terms stipulated in the contract, where NT$100,000 thousand has currently been paid	Fuyi Enterprise Co., Ltd.	Non-related party	N/A	N/A	N/A	-	Negotiated with reference to market conditions and approved by the Board of Directors	Part of the Company's business to increase operating revenue	None

Note 1: If the asset acquired is required to be appraised, the appraisal result shall be indicated in the column titled "Basis of Reference for Price Determination."

Note 2: Date of occurrence: The term means the contracting date for the transaction, payment date, transaction completion date by proxy, transfer date, resolution date of the Board of Directors, or other dates, on which the transaction counterparty and amount can be ascertained, whichever is earlier.

HI-YES INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Table 4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Investor	Name of Investee	Location	Main Business	Original Investment Amount		September 30, 2020			Profit or Loss of Investee	Gain or Loss on Investment Recognized	Remark
				September 30, 2020	September 30, 2019	Number of Shares (In Thousand Shares)	Percentage of Ownership (%)	Carrying Amount			
The Company	Hi-Yes Construction Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	$ 10,000	$ 10,000	1,000	100.00	$ 7,098	($ 268)	($ 268)	Subsidiary
	Haixia Construction Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	43,000	43,000	4,300	100.00	-	(3,487)	(3,487)	Subsidiary
	Haixin International Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	25,500	2,550	85.00	183,224	125,354	106,551	Subsidiary
	Haiyan Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	35,000	35,000	3,500	70.00	-	(12,374)	(8,662)	Subsidiary
	Haiju Development Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	25,500	2,550	85.00	149,954	127,730	108,570	Subsidiary
	Haihui Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	40,000	-	4,000	80.00	35,543	(5,572)	(4,456)	Subsidiary
	Hiyu International Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	-	2,550	85.00	17,631	(9,258)	(7,869)	Subsidiary
	JP Vendome Co., Ltd.	Taiwan	Wholesale trading of photographic equipment and electronic materials	4,500	4,500	450	30.00	4,806	408	-	Associate
	Liansheng Investment Co., Ltd.	Taiwan	General investment	60,000	60,000	6,000	20.00	49,319	(90)	430	Associate
Haixia Construction Co., Ltd.	Yueda Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	33,000	33,000	3,300	55.00	21,564	(5,869)	(3,228)	Subsidiary
Yueda Construction Co., Ltd.	Hongsheng Real Estate Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	16,000	16,000	1,600	32.00	15,947	(85)	(53)	Associate

HI-YES INTERNATIONAL CO., LTD.

INFORMATION ON MAJOR SHAREHOLDERS

SEPTEMBER 30, 2020

Table 5

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Huang, Hsi-Wen	13,759,000 shares	14.21%
Fuyue Investment Co., Ltd.	13,400,000 shares	13.84%
Wang, Chun-Chieh	8,073,000 shares	8.34%
Lin, Fu-Cheng	6,800,000 shares	7.02%
Tseng, Chun-Sheng	6,350,000 shares	6.56%

Note: The information on major shareholders listed in this table is based on the information on shareholders holding more than 5% of the ordinary and preference shares that have completed non-physical registration and delivery (including treasury shares) on the last business day of the current quarter as calculated by the Taiwan Depository & Clearing Corporation. The share capital indicated in the Company's consolidated financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.