Hi-Yes International Co., Ltd.
and its Subsidiaries

Consolidated Financial Statements
and Independent Auditors' Report
2022 and 2021

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Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

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Declaration of Consolidated Financial Statements of Affiliated Companies

It is hereby declared that for the year 2022 (from January 1, 2022 to December 31, 2022), the affiliated companies of the Company to be included in accordance with the Criteria Governing Preparation of Affiliation Reports, the Consolidated Business Reports and Consolidated Financial Reports of Affiliated Enterprises, are similar to those included in the consolidated financial reports of the parent company and its subsidiaries in accordance with the International Financial Reporting Standards No. 10 (IFRS 10). All the information to be disclosed in the consolidated financial reports of affiliated companies has already been disclosed in the consolidated financial reports of the parent company and its subsidiaries. Hence, the consolidated financial reports of affiliated companies are not reported separately.

Sincerely,

Company Name: Hi-Yes International Co., Ltd.

Chairman: Huang, Hsi-Wen

March 24, 2023

Independent Auditors' Report

To Hi-Yes International Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Hi-Yes International Co., Ltd. and its subsidiaries (collectively referred as “the Group” hereafter), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity, and cash flow for the three months then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinions, the foregoing Consolidated Financial Statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) as endorsed and issued into effect by the Financial Supervisory Commission (FSC), which are adequate to present the financial conditions of Hi-Yes International and its subsidiaries as of December 31, 2022 and 2021, and the consolidated financial performance and consolidated cash flow for the period from January 1 to December 31, 2022 and 2021.

Basis of Auditor's Opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibility under those standards will be further described in the section titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements". We are independent of Hi-Yes International Co., Ltd. and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to those matters that, in our professional judgment, are of most significance for our audit on the Consolidated Financial Statements for 2022 of Hi-Yes International and its subsidiaries. These matters have been addressed in the course of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon. We do not express a separate opinion on such matters individually.

We hereby state the key audit matters on the Consolidated Financial Statements for 2022 of Hi-Yes International and its subsidiaries as follows:

<u>Revenue recognition of consignment service</u>

Revenue of consignment service refers to the regulations of commission sales agent contract between the Group and the construction companies. Service revenue is recognized when each performance obligation is completed. The amount of consignment service revenue is higher than other income, and the recognition requirements for performance obligations involve more management judgments than other income. Therefore, the performance obligation and income recognition of its consignment service revenue are considered as the key audit matters.

We have carried out the main audit procedures for the above-mentioned items as follows:

- Control tests were performed to understand the recognition of revenue of consignment service and the design and implementation of related control systems.
- The samples were selected from the revenue of consignment service transactions for the current year and the commission sales agent contracts signed by both parties were inspected to understand the terms and arrangements of the contract.
- Relevant documents were sampled and checked to confirm whether the revenue of consignment service recognized due to its performance obligations are fulfilled in accordance with the terms of the contract. Also, the revenue was recognized consistently in accordance with the accounting policies.
- Regarding the sampling and checking of the transactions with significant amounts, the control system for assessing their credit risk was understood, and the payment collection conditions of these transactions were tested.

Impairment assessment of land held for construction and properties under development

As stated in Note 10, the land held for construction and properties under development held by Hi-Yes International and its subsidiaries is NT$12,453,507 thousand, accounting for about 47% of the total consolidated assets, which has a material impact on the Consolidated Financial Statements. Management shall, at the end of each reporting period, assess whether there are any signs of impairment in the land held for construction and properties under development held by the Company in accordance with the provisions of IAS 36 Impairment of Assets, and estimate the recoverable amount of the asset to assess the amount of impairment if there is any indication of impairment of such asset. However, the market price of real estate is susceptible to government policies, economic climate, market supply and demand and other factors, and impairment assessment involves the subjective judgment of management and major estimates and assumptions. Therefore, the impairment assessment of land held for construction and properties under development is considered as the key audit matters.

We have carried out the main audit procedures for the above-mentioned items as follows:

- Took stock of and verified the land title documents of land held for construction and properties under development.
- Obtained the Company's evaluation list of land held for construction and properties under development and the evaluation form of signs of asset impairment.
- Obtained the independent evaluation report used by the Company and evaluated the professional competence, competency and objectivity of the independent evaluators.
- Evaluated the important parameter assumptions used in real estate valuation, and evaluated the reasonableness of parameter assumptions such as announced transaction prices in nearby areas.

Other matters

Hi-Yes International Co., Ltd. has prepared its Parent Company Only Financial Statements for 2022 and 2021, and has received an audit report with unqualified opinion from us for future reference.

Responsibilities of management and governance for the Consolidated Financial Statements

It is the responsibility of management to prepare and fairly present the Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) as endorsed and issued into effect by the Financial Supervisory Commission (FSC), and to maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements to ensure that there is no material misrepresentations that are attributed to fraud or error therein.

In the preparation of the Consolidated Financial Statements, it is also the responsibility of management to assess the ability of Hi-Yes International and its subsidiaries to continue as a going concern, to disclose relevant matters, and to adopt the accounting basis for going concern, unless the management intends to liquidate Hi-Yes International and its subsidiaries or discontinue operations, or has to do so without any other practical alternatives.

The governing body of Hi-Yes International and its subsidiaries (including the Audit Committee) is responsible to supervise the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our audit on the Consolidated Financial Statements aims to obtain reasonable assurance on whether the Consolidated Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an audit report. Reasonable assurance refers to high level of assurance. However, our audit conducted in accordance with the Auditing Standards does not guarantee that material misrepresentations in the Consolidated Financial Statements will be detected. Misrepresentations may be attributable to fraud or error. A misrepresentation of an individual amount or amount in aggregate is considered as materiality if it is reasonably expected to affect the economic decisions made by users on the basis of the Consolidated Financial Statements.

We have exercised professional judgment and professional skepticism when conducting the audit in accordance with the Auditing Standards. We also:

1. Identified and assessed the risk of a material misrepresentation attributable to fraud or errors in the Consolidated Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, intentional omission, misrepresentation, or override of internal control, the risk of a material misrepresentation that is not attributable to fraud is higher than that which is attributable to error.
2. Obtained necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate for the circumstances. Nevertheless, the purpose of such understanding is not to express an opinion on the effectiveness of the internal controls of Hi-Yes International and its subsidiaries.
3. Assessed the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence available, on the appropriateness of management's adoption of the accounting basis for going concern and whether material uncertainties exist where events or circumstances that may cause material doubt on the ability of Hi-Yes International and its subsidiaries to continue as a going concern. If, in our opinion, there is material uncertainty about such events or circumstances, we are required to remind the user of the Consolidated Financial Statements of the relevant disclosure therein, or amend our audit opinion if such disclosure is inappropriate. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or circumstances may result in that Hi-Yes International and its subsidiaries may cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the Consolidated Financial Statements (including relevant notes), and whether the Consolidated Financial Statements present the relevant transactions and events fairly.
6. Obtained sufficient and appropriate audit evidence of the financial information on individual within Hi-Yes International and its subsidiaries of using the equity method to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit and the formation of our audit opinion on Hi-Yes International and its subsidiaries.

We communicated matters with the governing body, including the planned scope and timing of the audit, as well as the material audit findings (including material deficiencies in internal control identified during our audit).

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence in accordance with the Code of Professional Ethics for Certified Public Accountants, 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 the governing body, we determined the key audit matters for the Consolidated Financial Statements in 2022 of Hi-Yes International and its subsidiaries. We have stated such matters in the audit report. Unless public disclosure of a particular matter is prohibited by law or, in very rare circumstances, we determined not to communicate such matter in the audit report where it can reasonably be expected that the negative impact of such communication will outweigh the public benefits.

Deloitte & Touche

CPA	Chen, Pei-Te	CPA	Kuo, Li-Wen
	Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen Zi No. 1080321204		Securities and Futures Bureau Approval Document No. Tai-Cai-Zheng-Liu-Zi No. 0920123784

March 24, 2023

Hi-Yes International Co., Ltd. and its Subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NT$ thousand

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 3,774,411	14	$ 2,839,268	13
1140	Contract assets - current (Note 17)	653,033	2	479,222	2
1150	Notes and accounts receivable - non-related parties (Note 9)	1,252,069	5	1,381,164	7
1160	Notes and accounts receivable - related parties (Notes 9 and 23)	66	-	32,170	-
1200	Other receivables - non-related parties	71,974	-	23,655	-
1210	Other receivables - related parties	123	-	-	-
1320	Inventories (applicable to the construction industry) (Notes 5, 10 and 24)	12,810,897	48	10,422,730	48
1479	Other current assets	201,269	1	136,617	1
1480	Incremental costs of obtaining a contract - current (Note 17)	21,183	-	14,756	-
1482	Contract performance costs - current (Note 17)	1,353,615	5	771,797	4
11XX	Total current assets	20,138,640	75	16,101,379	75
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 7 and 24)	418,564	2	206,164	1
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 24)	638,966	2	509,379	2
1535	Financial assets at amortized cost - non-current (Note 24)	728,477	3	554,168	3
1550	Investments accounted for using the equity method (Note 12)	225,960	1	180,321	1
1600	Property, plant and equipment	46,053	-	49,501	-
1755	Right-of-use assets	7,497	-	13,113	-
1760	Investment properties (Notes 13 and 24)	4,419,706	17	3,904,413	18
1805	Goodwill (Note 21)	14,335	-	14,335	-
1821	Intangible assets	619	-	1,822	-
1900	Other non-current assets	96,020	-	53,689	-
15XX	Total non-current assets	6,596,197	25	5,486,905	25
1XXX	TOTAL	$ 26,734,837	100	$ 21,588,284	100

Code	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities				
2100	Short-term borrowings (Notes 14 and 24)	$ 2,027,400	8	$ 2,199,600	10
2110	Short-term notes and bills payable (Note 14)	237,136	1	87,764	-
2150	Notes and accounts payable - non-related parties	926,605	3	703,590	3
2180	Accounts payable - related parties	975	-	938	-
2200	Other payables	404,764	2	479,172	2
2220	Other payables - related parties	240	-	2,989	-
2230	Current income tax liabilities (Note 19)	145,906	1	354,261	2
2280	Lease liabilities - current (Note 13)	48,783	-	33,094	-
2320	Long-term liabilities matured within one year or one operating cycle (Notes 14 and 24)	3,042,558	11	317,500	2
2399	Other current liabilities	39,035	-	150,568	1
21XX	Total Current Liabilities	6,873,402	26	4,329,476	20
	Non-current liabilities				
2527	Contract liabilities - non-current (Note 17)	1,215,581	5	572,192	3
2540	Long-term borrowings (Notes 14 and 24)	9,063,712	34	8,124,445	38
2550	Provisions - non-current	100,000	-	-	-
2570	Deferred income tax liabilities (Note 19)	259,824	1	260,663	1
2580	Lease liabilities - non-current (Note 13)	2,490,784	9	2,056,827	9
2645	Guarantee deposit received	712	-	802	-
25XX	Total non-current liabilities	13,130,613	49	11,014,929	51
2XXX	Total Liabilities	20,004,015	75	15,344,405	71
	Equity attributable to owners of the Company (Note 16)				
	Share capital				
3110	Share capital - ordinary share	1,171,081	4	1,064,620	5
3120	Share capital - preferred share	300,000	1	300,000	1
3100	Total share capital	1,471,081	5	1,364,620	6
3200	Capital surplus	1,285,231	5	1,285,231	6
	Retained earnings				
3310	Legal capital reserve	466,605	2	290,361	1
3350	Unappropriated Earnings	2,491,301	9	2,551,256	12
3300	Total Retained Earnings	2,957,906	11	2,841,617	13
3400	Other equity	160,712	1	89,557	1
3500	Treasury shares	(71,502)	-	-	-
31XX	Total equity attributable to owners of the Company	5,803,428	22	5,581,025	26
36XX	Non-controlling interest	927,394	3	662,854	3
3XXX	Total equity	6,730,822	25	6,243,879	29
	Total Liabilities and Equity	$ 26,734,837	100	$ 21,588,284	100

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

Chairman: Huang, Hsi-Wen　　Managerial officers: Wang, Chun-Chieh　　Chief Accounting Officer: Kao, Ping-Chih

Hi-Yes International Co., Ltd. and its Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
Code		Amount	%	Amount	%
4000	Operating Revenue (Notes 17 and 23)	$ 5,092,277	100	$ 6,356,334	100
5000	Operating Costs (Note 23)	2,811,583	55	3,107,130	49
5900	Gross profit	2,280,694	45	3,249,204	51
	Operating expense (Notes 9, 18 and 23)				
6200	Sales and management expenses	697,213	14	830,377	13
6450	Expected credit losses (or reversal)	(15,199)	-	2,306	-
6000	Total operating expenses	682,014	14	832,683	13
6900	Net operating profit	1,598,680	31	2,416,521	38
	Non-operating income and expenses (Notes 18 and 21)				
7100	Interest income	6,954	-	1,741	-
7190	Other income	28,254	1	69,575	1
7020	Other gains and losses	(227,076)	(4)	(80,791)	(1)
7050	Finance costs	(141,358)	(3)	(127,400)	(2)
7060	Share of profit or loss of associates recognized using the equity method	21,339	-	21,955	-
7000	Total non-operating income and expenses	(311,887)	(6)	(114,920)	(2)
7900	Net income before tax	1,286,793	25	2,301,601	36
7950	Income tax expense (Note 19)	386,842	7	551,460	8
8200	Net income for the year	899,951	18	1,750,141	28

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Code		2022 Amount	2022 %	2021 Amount	2021 %
8310	Items that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	$ 150,366	3	$ 152,776	2
8500	Total comprehensive income for the year	$ 1,050,317	21	$ 1,902,917	30
	Net income attributable to:				
8610	Owners of the Company	$ 934,394	19	$ 1,658,265	26
8620	Non-controlling interest	(34,443)	(1)	91,876	2
8600		$ 899,951	18	$ 1,750,141	28
	Total comprehensive income attributable to:				
8710	Owners of the Company	$ 1,084,760	21	$ 1,811,041	29
8720	Non-controlling interest	(34,443)	-	91,876	1
8700		$ 1,050,317	21	$ 1,902,917	30
	Earnings per share (Note 20)				
9710	Basic	$ 7.88		$ 14.16	
9810	Diluted	$ 7.86		$ 14.13	

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

Chairman: Huang, Hsi-Wen
Managerial officers: Wang, Chun-Chieh
Chief Accounting Officer: Kao, Ping-Chih

Hi-Yes International Co., Ltd. and its Subsidiaries

Consolidated Statement of Changes in Equity

For the years ended December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars, Except for Dividends Per Share in Dollars

		Equity attributable to owners of the Company											
		Share capital				Retained earnings							
Code		Share capital - ordinary share	Share capital - preferred share	Total	Capital surplus	Legal capital reserve	Special reserve	Unappropriated Earnings	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
A1	Balance as of January 1, 2021	$ 967,836	$ -	$ 967,836	$ 384,403	$ 151,116	$ 29,791	$ 1,672,545	$ 41,005	$ -	$ 3,246,696	$ 112,161	$ 3,358,857
	Appropriation of 2020 earnings												
B1	Legal capital reserve	-	-	-	-	139,245	-	(139,245)	-	-	-	-	-
B5	Cash dividends to shareholders held ordinary shares of the Company - $7	-	-	-	-	-	-	(677,485)	-	-	(677,485)	-	(677,485)
B9	Stock dividends to shareholders held ordinary shares of the Company - $1	96,784	-	96,784	-	-	-	(96,784)	-	-	-	-	-
B17	Reversal of Special reserve	-	-	-	-	-	(29,791)	29,791	-	-	-	-	-
D1	Net income for 2021	-	-	-	-	-	-	1,658,265	-	-	1,658,265	91,876	1,750,141
D3	Other comprehensive income for 2021	-	-	-	-	-	-	-	152,776	-	152,776	-	152,776
D5	TOTAL COMPREHENSIVE INCOME/(LOSS) FOR 2021	-	-	-	-	-	-	1,658,265	152,776	-	1,811,041	91,876	1,902,917
J3	Issuance of preferred share	-	300,000	300,000	900,000	-	-	-	-	-	1,200,000	-	1,200,000
M5	Actual Acquired Equity attributable to subsidiaries	-	-	-	-	-	-	(55)	-	-	(55)	(8,345)	(8,400)
O1	Cash dividend for shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(9,000)	(9,000)
O1	Increase in non-controlling interests (Note 22)	-	-	-	-	-	-	-	-	-	-	476,162	476,162
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	104,224	(104,224)	-	-	-	-
	Exercise of disgorgement	-	-	-	788	-	-	-	-	-	788	-	788
T1	Dividends unclaimed by shareholders after lapse of time	-	-	-	40	-	-	-	-	-	40	-	40
Z1	Balance as of December 31, 2021	1,064,620	300,000	1,364,620	1,285,231	290,361	-	2,551,256	89,557	-	5,581,025	662,854	6,243,879
	Appropriation of 2021 earnings												
B1	Legal capital reserve	-	-	-	-	176,244	-	(176,244)	-	-	-	-	-
B5	Cash dividends to shareholders held ordinary shares of the Company - $7	-	-	-	-	-	-	(745,234)	-	-	(745,234)	-	(745,234)
B7	Cash dividends of preferred shares	-	-	-	-	-	-	(13,282)	-	-	(13,282)	-	(13,282)
B9	Stock dividends to shareholders held ordinary shares of the Company - $1	106,461	-	106,461	-	-	-	(106,461)	-	-	-	-	-
D1	Net income for 2022	-	-	-	-	-	-	934,394	-	-	934,394	(34,443)	899,951
D3	Other comprehensive income for 2022	-	-	-	-	-	-	-	150,366	-	150,366	-	150,366
D5	TOTAL COMPREHENSIVE INCOME/(LOSS) FOR 2022	-	-	-	-	-	-	934,394	150,366	-	1,084,760	(34,443)	1,050,317
L1	Treasury shares buyback	-	-	-	-	-	-	-	-	(71,502)	(71,502)	-	(71,502)
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(32,339)	-	-	(32,339)	-	(32,339)
O1	Cash dividend for shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(35,100)	(35,100)
O1	Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	334,083	334,083
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	79,211	(79,211)	-	-	-	-
Z1	Balance as of December 31, 2022	$ 1,171,081	$ 300,000	$ 1,471,081	$ 1,285,231	$ 466,605	$ -	$ 2,491,301	$ 160,712	($ 71,502)	$ 5,803,428	$ 927,394	$ 6,730,822

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

Chairman: Huang, Hsi-Wen   Managerial officers: Wang, Chun-Chieh   Chief Accounting Officer: Kao, Ping-Chih

Hi-Yes International Co., Ltd. and its Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

Unit: NT$ thousand

Code		2022	2021
	Cash flows from operating activities		
A10000	Net income before tax	$ 1,286,793	$ 2,301,601
A20010	Income and expenses having no effect on cash flows		
A20100	Depreciation expenses	15,050	13,286
A20200	Amortization expenses	1,462	1,741
A20300	Expected credit losses (or reversal)	(15,199)	2,306
A20400	Net loss on financial assets and liabilities at fair value through profit and loss	49,487	34,814
A20900	Finance costs	141,358	127,400
A21200	Interest income	(6,954)	(1,741)
A21300	Dividend income	(11,495)	(53,550)
A22300	Share of profit or loss of associates recognized using the equity method	(21,339)	(21,955)
A29900	Appropriation of provisions	100,000	-
A29900	Others	-	1,012
A30000	Net changes in operating assets and liabilities		
A31125	Contract Assets	(173,811)	(260,775)
A31130	Notes and accounts receivable - non-related parties	126,328	(389,055)
A31160	Notes and accounts receivable - related parties	32,104	1,312
A31180	Other receivables - non-related parties	8,083	(3,467)
A31190	Other receivables - related parties	(123)	-
A31200	Inventories	(2,213,030)	(5,975,369)
A31240	Other current assets	(64,196)	(67,605)
A31270	Incremental costs of obtaining contracts	(6,427)	(4,939)
A31280	Contract performance costs	(581,818)	(316,681)
A32125	Contract liabilities	643,389	260,375
A32130	Notes and accounts payable - non related parties	223,015	209,723
A32160	Accounts payable - related parties	37	(38)
A32180	Other payables - non-related parties	(80,176)	113,177
A32190	Other payables - related parties	(2,749)	10
A32230	Other current liabilities	(111,533)	26,125
A33000	Cash outflow from operating activities	(661,744)	(4,002,293)
A33500	Income tax paid	(602,194)	(493,689)
AAAA	Cash outflow from operating activities, net	(1,263,938)	(4,495,982)
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(72,065)	(339,379)
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	92,844	179,365

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Code		2022	2021
B00040	Acquisition of financial assets at amortized cost	($ 276,516)	($ 205,881)
B00050	Disposal of financial assets at amortized cost	102,207	20,000
B00100	Acquisition of financial assets at fair value through profit or loss	(287,800)	(188,810)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	25,913	-
B01800	Acquisition of associates	(75,000)	(52,800)
B02200	Net cash inflows from acquisition of subsidiaries	-	376
B02400	Financial assets at fair value through other comprehensive income - capital reduction and refund	-	6,912
B02700	Acquisition of property, plant and equipment	(5,986)	(9,702)
B03700	Increase in refundable deposits	(37,187)	(32,403)
B04500	Purchase of intangible assets	(259)	(659)
B05400	Acquisition of investment properties	(75,513)	(19,443)
B06800	Decrease in other non-current assets	12,822	-
B07500	Interest received	6,954	1,741
B07600	Receipt of other dividends	11,495	53,550
B07600	Receipt of dividends from associates	-	71,340
BBBB	Cash outflows from investing activities, net	(578,091)	(515,793)
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	(172,200)	292,312
C00500	Increase in short-term notes and bills payable	149,265	-
C01600	Proceeds from long-term borrowings	5,667,200	6,249,880
C01700	Repayments of long-term borrowings	(2,002,875)	(849,659)
C02800	Issuance of preferred share	-	1,200,000
C03000	Increase (decrease) in guarantee deposit received	(90)	602
C04020	Refund of lease liabilities	(16,305)	(398,503)
C04500	Cash dividends paid	(758,516)	(677,485)
C04900	Treasury shares buyback	(71,502)	-
C05600	Interest paid	(284,449)	(231,319)
C05800	Changes in non-controlling interests	266,644	243,964
C09900	Dividends unclaimed by shareholders after lapse of time	-	40
C09900	Exercise of disgorgement	-	788
CCCC	Net cash flow into financing activities	2,777,172	5,830,620
EEEE	Net increase in cash and cash equivalents	935,143	818,845
E00100	Cash and cash equivalents at beginning of year	2,839,268	2,020,423
E00200	Cash and cash equivalents at end of year	$ 3,774,411	$ 2,839,268

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

Chairman: Huang, Hsi-Wen　　Managerial officers: Wang, Chun-Chieh　　Chief Accounting Officer: Kao, Ping-Chih

Hi-Yes International Co., Ltd. And its Subsidiaries
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company history

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 resolution of the Company's extraordinary shareholders’ meeting on March 26, 2013, amended the Company's Articles of Association and changed the name of the Company to Hi-Yes International Co., Ltd. The scope of business also expanded to include the development, leasing, trading, agency and agency operation, management consulting services, product and landscape design of real estates. The Company’s shares have been listed on the Taiwan Stock Exchange ("TSE") since January 5, 1996.

On August 15 and October 2, 2012, 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 Consolidated Financial Statements shall be expressed in NT$, the Company's functional currency.

II. Date and procedures for approval of the financial statements

The Consolidated Financial Statements were approved by the Board of Directors on March 24, 2023.

III. Application of new and amended standards and interpretations

(I) Initial application of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC.

The application of the amended IFRSs endorsed and issued into effect by FSC will not cause any material changes in the Group's accounting policies.

(II) IFRSs recognized by FSC applied in 2023

New, Amended, and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1. The amendments apply to the annual reporting periods beginning on or after January 1, 2023.

Note 2. The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur during the reporting period from the year after January 1, 2023.

Note 3. Except for the deferred tax recognized for the temporary difference arising from lease, ongoing obligations on January 1, 2022, the Amendments are applicable to the transactions that occur after January 1, 2022.

As of the date the accompanying financial statements were authorized for issue, the Group assessed that the abovementioned standards and the amendments of the interpretations would not have a significant impact on the Group's accompanying financial position and financial performance.

(III) Standards issued by International Accounting Standards Board (IASB) but not yet endorsed by FSC

New, Amended, and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	Monday, January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”」	January 1, 2024

Note 1. The aforementioned new, amended and revised standards or interpretations are effective in the annual reporting period beginning on or after their respective effective dates, unless stated otherwise.

Note 2. A seller-lessee shall retroactively apply the amendments to IFRS 16 to the "Lease Liability in a Sale and Leaseback" signed after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impacts of 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.

IV. Summary of significant accounting policies

(I) Statement of Compliance

The Consolidated Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by FSC.

(II) Basis of Preparation

Except for the financial assets measured at fair value and the contingent consideration of business combination, these consolidated financial statements are prepared on historical cost basis.

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); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) The classification criteria for assets and liabilities whether are current or non-current

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after th balance sheet date; and
3. Cash and cash equivalents (but excluding those are restricted and used for exchange or settlement of liabilities over 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities to be settled within 12 months after the balance sheet date; and
3. Liabilities whose payment period cannot be unconditionally deferred to at least 12 months after the balance sheet date.

Assets or liabilities that are not current assets or current liabilities are classified as non-current assets or non-current liabilities.

The Group engaged in construction projects with an operating cycle longer than one year. Therefore, assets and liabilities related to construction business shall be classified as current or non-current according to the operating cycle.

(IV) Basis of consolidation

Consolidated Financial Reports contain the financial reports of the Company and the individuals (subsidiaries) controlled by the Company. The financial reports of subsidiaries have been adjusted to bring their accounting policies in line with those of the Group. All transactions, account balances, gains and losses between individuals have been written off at the time of the preparation of the consolidated financial statements. The total comprehensive income of subsidiaries is attributable to the owner of the company and non-controlling interests, even though the non-controlling interests therefore become a loss balance.

If the change in the ownership interest of a subsidiary does not result in the loss of control, the Group accounts for it as an equity transaction. The carrying amount of the Group and non-controlling interests have been adjusted to reflect changes in their relative equity in the subsidiaries. The difference between the amount of adjustment of the non-controlling interest and the fair value of the consideration paid or received shall be directly recognized as equity and attributable to the owner of the Company.

See Note 11 and Table 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

(V) Business combination

Business combination shall be accounted for using acquisition method. Costs in connection with acquisition are expensed in the period when they are incurred and services are received.

Goodwill is recognized at the excess of the sum of the fair value of the consideration transferred and the fair value of the equity of an investee held by an investor on acquisition date prior to the acquisition, over the net identifiable assets and liabilities assumed on the acquisition date.

Non-controlling interest with which an investor can have owner's equity currently in an investee, and collect the net assets attributable to an investee based on the ratio upon liquidation, shall be measured at the ratio in the recognized amount of the net identifiable assets of the inevstee.

In respect of the business combination completed by stages, the equity in the investee held previously will be remeasured at the fair value on the acquisition date. Any profit or loss incurred will be recognized in profit or loss.

(VI) Foreign currency

When preparing the financial reports, where transactions are conducted in currencies other than the individual's functional currency (foreign currency), it shall be accounted for by converting into the functional currency at the exchange rate of the trading day.

Monetary items in foreign currency are converted at the closing rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items shall be recognized as profit and loss in the current period of occurrence.

Non-monetary items in foreign currency measured at fair value shall be converted at the exchange rate on the day when the fair value is determined, and the exchange difference arising therefrom shall be recognized as profit and loss of the current period, provided that, where changes in fair value are recognized as other comprehensive income, the exchange difference arising therefrom shall be recognized in other comprehensive income.

Non-monetary items in foreign currency measured at historical cost shall be converted at the exchange rate of the trading day and shall not be re-converted.

(VII) Inventories

Inventories include buildings and land held for sale, properties under development, land held for construction, land prepayments, and prepayments for volume transfer. Inventories are measured at cost and net realized value, whichever is lower. Costs include capitalization costs of the necessary expenditures and borrowings incurred in bringing them to the place and condition where they are available for use. Net realizable value refers to the balance of the estimated selling price under normal business operation minus the estimated costs required for completion and the estimated costs required for completion of the sale.

Properties under development

The Group adopts the mode of self-construction for its own land or joint construction with the landlord and sell separately for the properties under development. Properties under development refer that the cost of construction works that have occurred but have not been completed, are rerecognized as operating costs in the current year according to income approach, available building area ratio approach or assessed present value approach when the land sold meets the income recognition requirements after the completion of construction works, and the land and premises for sale are rerecognized as properties for sale.

Lands held for construction

Lands held for construction refer to the lands available for construction that are rerecognized as properties under development upon the active acquisition of a construction permit for the land. Net realizable value of properties under development is based on the prevailing market conditions estimated by authorities.

(VIII) Investment in associates

An associate refers to an enterprise that the Group has significant influence on but is not a subsidiary or joint venture.

The Group adopts the equity method for investment in associates.

Under the equity method, the investment in associates is initially recognized at cost, and the carrying amount after the date of acquisition is increased or decreased according to the Group's share of profit and loss of associates and other comprehensive income and the distribution of profits. In addition, equity changes in associates are recognized based on the shareholding ratio.

The amount of the acquisition cost in excess of the Group's share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date shall be recognized as goodwill, which shall be included in the carrying amount of the investment and shall not be amortized; while the amount of the Group's share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date in excess of the acquisition cost shall be recognized as the current profit and loss.

When an associate issues new shares, if the Group fails to subscribe in proportion to its shareholding ratio, resulting in a change in the shareholding ratio and a consequent increase or decrease in the net equity invested, the increase or decrease shall be adjusted to the capital reserves - changes in the net equity of the associate and investments using the equity method. However, if the ownership interest in the associate is decreased due to the failure to subscribe or acquire the shares in proportion, the amount recognized in other comprehensive income related to the associate shall be reclassified according to the decrease proportion, and basis of its accounting treatment shall be the same as the basis that the associate must follow if it directly dispose of the related assets or liabilities. If the capital reserves shall be debited for the adjustment mentioned in the preceding paragraph and the balance of the capital reserves resulting from the investment using the equity method is insufficient, the balance shall be debited to the retained earnings.

When the Group's share of the loss of an associate is equal to or greater than its equity in such associate (including the carrying amount of the associate under the equity method and other long-term equity which are substantially part of the Company's net investment in the associate), the Group shall cease to recognize further loss. The Group shall recognize additional losses and liabilities only to the extent that statutory obligations, constructive obligations or payments have been made on behalf of associates.

In the evaluation of impairment, the Group shall treat the total carrying amount (including goodwill) of the investment as a single asset to compare the recoverable amount with the carrying amount and conduct impairment test. The recognized impairment loss shall not be apportioned to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of the impairment loss shall be recognized to the extent of any subsequent increase in the recoverable amount of the investment.

The Group shall discontinue the use of the equity method from the date when its investment ceases to be an associate. The retained interest of the Company in the former associate shall be measured at fair value, and the difference between the fair value and the disposal price and the carrying amount of the investment at the date the equity method was discontinued shall be included in the profit and loss of the current period. In addition, the Company shall account for all amounts recognized in other comprehensive income in relation to the associate on the same basis as would have been required if the associate had directly disposed of the related assets or liabilities.

The gains or losses arising from the upstream transactions between the Group and its associates shall be recognized in the consolidated financial reports only to the extent of unrelated interests of the Group in its associate.

(IX) Property, plant and equipment

Property, plant and equipment shall be recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment shall be depreciated separately on a straight-line basis over their useful life for each significant part. The Group shall review the estimated useful life, residual value and depreciation method at least at each financial year-end, and shall prospectively apply the effects of changes in accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of such assets shall be recognized as profit and loss.

(X) Investment properties

Investment properties are the properties held for earning rent or capital appreciation or both (including the properties under construction that conform to the definition of investment properties and right-of-use assets) Investment properties also include the land held for undetermined future usage during the period.

Investment properties acquired through lease (including the cost of lease liabilities, lease payment prior to the lease, direct original cost and estimated cost of restoration assets, less lease incentives collected) are measured at cost, and will be subsequently measured at cost less accumulated depreciation and accumulated losses, and adjusted based on lease liabilities.

Investment properties under construction are recognized at cost less accumulated loss. Cost includes professional service expenses and borrowing cost that conforms to conditions of capitalization. Such assets shall be depreciated once they are under intended status.

When investment properties are derecognized, the difference between the net disposal and the carrying amount of such assets will be recognized.

(XI) Goodwill

Goodwill acquired through M&A uses the goodwill value recognized on the M&A day as the cost, subsequently measured by cost deducting accrued impairment loss.

For purposes of impairment test, the goodwill shares to the Group benefits cash generation unit or its group due to integrative M&A effect (hereinafter referred to as the "cash generation unit").

The cash generation unit shared with the goodwill conducts impairment test through comparison between its carrying amount containing goodwill and recoverable value every year (and the time with sign showing potential impairment). If the goodwill with such shares was acquired by corporate M&A, then, the unit should conduct impairment test at end of the year. If the recoverable amount of the cash generation unit with shared goodwill is less than its carrying amount, firstly, the loss deducts the carrying amount with shared goodwill, second, decrease the carrying amount of each asset with respect of the proportion in the unit. Any impairment loss is recognized directly as a loss of the current period, and goodwill impairment loss may not be reversed subsequently.

The disposal of profit/loss is defined by including disposal related goodwill value during operation of the cash generation unit with goodwill shares.

(XII) Intangible assets

Intangible assets with limited useful life acquired separately shall be initially measured at cost, and subsequently measured at cost minus accumulated amortization and accumulated impairment losses. Intangible assets shall be amortized on a straight-line basis over their useful life. The Group shall review the estimated useful life, residual value and amortization method at least at each financial year-end, and shall prospectively apply the effects of changes in accounting estimates.

When an intangible asset is derecognized, the difference between the net disposal price and the carrying amount of such asset shall be recognized as the profit and loss of the current period.

(XIII) Contract cost-related assets

The sales commission of the property sales employee shall be incurred upon the acquisition of the customer contract and, shall be recognized as the incremental cost of the acquisition to the extent of the recoverable amount, and shall be written off upon completion of the property and delivered to the customer.

Expenses directly related to a contract with customer that result in resources that will be used in the future to meet performance obligations shall be recognized as performance costs to the extent of the recoverable amount, and shall be amortized over the term of the contract at the sales ratio.

(XIV) Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets and assets related to contract costs

On each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment property and intangible assets to determine whether there is any indication that those assets (excluding goodwill) have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group shall estimate the recoverable amount of the cash generating unit to which the asset belongs. Common assets shall be apportioned to the smallest group of cash generating units on a reasonable consistent basis.

The recoverable amount shall be the fair value minus the cost of sale or its use value, whichever is higher. If the recoverable amount of an individual asset or cash generating unit is lower than the carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, and the impairment loss shall be recognized as profit and loss.

The inventory, property, plant and equipment, and intangible assets recognized from the contract with customer shall be initially recognized as impairment according to the provisions on the impairment of inventory and the aforesaid provisions, and be subsequently recognized as losses at the carrying amount of the contract cost-related assets less the remaining consideration expected to be collected for rendering of goods or services deducting direct related costs. the carrying amount of the contract cost-related assets shall be included in the cash generating unit for the impairment assessment of the cash generating unit.

In the event of a subsequent reversal of the impairment loss, the carrying amount of the asset or cash generating unit shall be increased to the revised recoverable amount, provided that the carrying amount increased shall not exceed the carrying amount determined if the impairment loss had not been recognized for the asset or cash generating unit in the previous year (less amortization or depreciation). The reversal of the impairment loss shall be recognized as profit and loss.

(XV) Financial instruments

The financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the terms and conditions of contract on the instrument.

When a financial asset or financial liability is initially recognized, and is not measured at fair value through profit or loss, it shall be measured at fair value plus the transaction costs directly attributable to the acquisition or issuance of such financial asset or financial liability. Transaction costs directly attributable to the acquisition or issuance of the financial asset or financial liability measured at fair value through profit and loss shall be immediately recognized as profit and loss.

1. Financial assets

Conventional transactions of financial assets shall be recognized and derecognized by the trade-date accounting.

(1) Type of measurement

Financial assets held by the Group include financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, and equity instrument investments in measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss refer to the financial assets measured at fair value through profit or loss mandatorily including investments in equity instruments that are not specified to be measured at fair value through other comprehensive income, and investments in debt instruments that do not qualify as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets at FVTPL are measured at fair value, with the generated dividends and interest recognized in other income and interest income respectively, and with the profits or losses arising from re-measurement are recognized in other profits and losses. Please refer to Note 22 for the method of determining the fair value.

B. Financial assets at amortized cost

A financial asset invested by the Group shall classified as financial asset at amortized cost if both of the following conditions are met:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, pledged certificates of deposit, pledged and mortgage deposits, notes and accounts receivables, other receivables, and refundable deposits), after initial recognition, are measured at the amortized cost of gross carrying amount as determined by the effective interest method less any impairment loss. Any gains and losses on foreign currency exchange are recognized as profit and loss.

Interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. Purchased or originated credit-impaired financial assets. Interest revenue shall be calculated by applying the credit-adjusted effective interest rate to the amortized cost of financial assets.
b. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate multiplying the amortized cost of such financial assets in subsequent reporting periods.

Credit-impaired financial assets refers that the issuer or debtor has suffered from significant financial difficulties or a breach of contract, the debtor is likely to enter bankruptcy or other financial reorganization, or the active market for financial assets has disappeared because of financial difficulties.

C. Investments in equity instruments measured at FVTOCI

At the time of the initial recognition, the Group may, make an irrevocable option to designate investments in equity instruments that are not held for trading and are not recognized as contingent consideration by the acquirer of the combined business to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. At the time of investment disposal, accumulated gains and losses shall be transferred directly to retained earnings and shall not be reclassified as gains and losses.

Dividends on investments in equity instruments measured at fair value through other comprehensive income shall be recognized in the profit and loss when the right to receive payments from the Group is established, unless the dividends clearly represent the recovery of part of the investment cost.

(2) Impairment of financial assets and contractual assets

On each balance sheet date, the Group shall evaluate the impairment loss on financial assets (including notes receivable and accounts receivable) and contract assets measured at amortized cost according to the expected credit loss.

The Company shall recognize the loss allowance for notes receivable, accounts receivable and contract assets according to the lifetime expected credit loss. For other financial assets, the Company shall first evaluate whether the credit risk has significantly increased since the initial recognition. If it has not significantly increased, the loss allowance shall be recognized according to the 12 months expected credit loss; if it has significantly increased, the loss allowance shall be recognized according to the lifetime expected credit loss.

Expected credit loss is a weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For the purposes of internal credit risk management, the Group, without considering the collateral it holds, determines that the following circumstances represent a default on a financial asset:

A. There is internal or external information indicating that it is impossible for the debtor to repay the debt.

B. It is more than 90 days overdue, unless there is reasonable and verifiable information to show that the deferred default basis is more appropriate.

The impairment loss of all financial assets is the reduction of the carrying amount of the allowance account, without decreasing its carrying amount.

(3) Derecognition of financial assets

The Group shall derecognize a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and virtually has transferred all the risks and rewards of the ownership of the asset to another enterprise.

When a financial asset measured at amortized cost is derecognized as a whole, the difference between its carrying amount and the consideration received shall be recognized as profit and loss. When the investment in equity instruments measured at fair value through other comprehensive income is derecognized as a whole, the accumulated profit and loss shall be directly transferred to the retained earnings and shall not be reclassified as profit and loss.

2. Equity instruments

Equity instruments issued by the Group are recognized at the acquisition price less direct issue costs.

Reacquiring the Company's own equity instruments is recognized and deducted under equity items. Its carrying amount is calculated based on the weighted average of the stock types. The purchase, sale, issue or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) shall be recognized as profit and loss.

(XVI) Recognition of revenue

After the performance obligations are identified in the customer contract, the Group shall apportion the transaction price among the performance obligations and recognize the revenue when the performance obligations are fulfilled.

<u>Service revenue</u>

Service revenue is the income generated by rendering of services under a contract and shall be recognized according to the degree of completion of the contract. The degree of completion of a contract is determined by the services performed to date as a percentage of the total services to be performed. If the retention money withheld by the customer in accordance with the terms of the contract aims at ensuring the fulfillment of all contractual obligations by the Group, it shall be regarded as a contract asset prior to the performance of contract by the Group.

Revenue from sales of buildings and land

Revenue from sales of buildings and land is the revenue generated from the development and sale of residential real estate, which is recognized when the legal title of the real estate is transferred to the customer. For the contracted sales of residential contracts, subject to the commercial practice, the real property has no other use for the Company, but until the legal ownership of the real property is transferred to the customer, the Company has an freely enforceable right to the contractual amount and therefore revenue is recognized when ownership are transferred to the customer. The pre-sale housing and land payment received in installments according to the terms of the contract is recognized as a contract liability before the Group completes the performance of the contract.

(XVII) Leases

The Group evaluates whether a contract is (or includes) a lease on the contract establishment date.

1. The Group acts as the lessor

   When, in the terms of a lease, almost all the risks and rewards attached to the ownership of the asset are transferred to the lessee, the lease shall be classified as financial lease. All other leases shall be classified as operating leases.

   Under an operating lease, lease payments excluding lease incentives shall be recognized as income on a straight-line basis over the relevant lease term. The initial direct costs arising from the acquisition of the operating lease are the carrying amount added to the underlying asset and shall be recognized as expenses on a straight-line basis over the lease term.

2. The Group acts as the lessee

   Except for the leases of the low-value underlying assets for which the recognition exemption is applicable and the lease payments for short-term leases shall be recognized as expenses on a straight-line basis over the lease term, all other leases shall be recognized as right-of-use assets and lease liabilities on the commencement date of the lease.

Right-of-use assets shall be measured at initial cost (including the amount of lease liabilities initially measured, the lease payments minus lease incentives prior to the commencement date of the lease, the initial direct costs and the estimated cost of recovery of the underlying asset), and subsequently measured at cost minus accumulated depreciation and accumulated impairment losses, and the remeasurement of lease liabilities shall be adjusted. Right-of-use assets shall be expressed separately in the balance sheet except for those meet the definition of investment properties. For the recognition and measurement of right-of-use asset as defined for investment properties, please refer to (10) Investment Properties Accounting Policy.

The right-of-use assets shall be depreciated on a straight line basis from the commencement date of the lease to the expiration of the service life of the use right assets or the expiration of the lease term, whichever is earlier.

Lease liabilities shall be initially measured as the present value of lease payments (including fixed payments, and variable lease payments based on an index or a rate). If the implied interest rate on the lease is easy to determine, the lease payment shall be discounted using such interest rate. If the interest rate is not easy to determine, the lessee incremental borrowing rate shall be applied.

Subsequently, the lease liabilities shall be measured at amortized cost by using the effective interest method and the interest expense shall be apportioned over the lease term. If changes in the lease period or the index or rate used to determine the lease payment result in changes in the future lease payment, the Group shall re-measure the lease liability and adjust the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the amount of remaining remeasurement is recognized in profit or loss. Lease liabilities shall be expressed separately in the balance sheet.

(XVIII) Borrowing costs

The borrowing costs of acquiring, constructing or producing and asset that meets the requirements is part of the cost of the asset until nearly all the activities necessary for the asset to be in a state for intended use or sale have been completed.

The investment income derived from the temporary investment of certain borrowings prior to the occurrence of capital expenditure meeting the requirements shall be deducted from the borrowing costs eligible for capitalization.

In addition to the above, all other borrowing costs shall be recognized as profit and loss in the current period.

(XIX) Employees' benefits

1. Short-term employee benefits

   Short-term employee benefit-related liabilities shall be measured at non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

   The pension to be allocated of defined contribution pension plan shall be recognized as expenses during the period of service provided by the employee.

(XX) Income tax

Income tax expenses are the sum of current income tax and deferred income tax.

1. Current tax

   The additional income tax on undistributed earnings calculated in accordance with the Income Tax Act of the Republic of China shall be recognized in the year of the resolution of the shareholders' meeting.

   The adjustment of income tax payable in previous years shall be included in the current income tax.

2. Deferred income tax

   Deferred income tax shall be calculated based on the temporary difference between the carrying amount of assets and liabilities accounted and the tax basis for calculating taxable income.

   Deferred income tax liabilities shall be generally recognized for all taxable temporary differences, whereas deferred income tax assets shall be recognized when it is probably that tax income will be available for the income tax credits resulting from expenditures such as deductible temporary differences.

Taxable temporary differences related to investment subsidiaries shall be recognized as deferred income tax liabilities, except when the Group can control the reversal of the temporary differences and it is likely that such temporary differences will not be reversed in the foreseeable future. Temporary differences in relation to such investments shall be recognized as deferred income tax assets only when it is likely that there will be sufficient taxable income to realize the temporary differences, and to the extent of the expected reversal in the foreseeable future.

The carrying amount of the deferred income tax assets shall be reviewed at each balance sheet date and the carrying amount shall be reduced in cases where it is no longer likely that sufficient taxable income will be available to recover all or part of the assets. Where it is not previously recognized as deferred income tax assets, it shall be reviewed at each balance sheet date, and the carrying amount shall be increased in cases where it is likely that taxable income will be available in the future to recover all or part of the assets.

Deferred income tax assets and tax rate for the liquidation of accrued liabilities or the realization of assets in the current period, which is based on the tax rate and tax law enacted or substantially enacted at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the way in which the Group expects to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred income taxes

Current and deferred income taxes shall be recognized in profit and loss, while the current and deferred income taxes related to items recognized in other comprehensive income or directly recognized in equity shall be recognized in other comprehensive income or directly recognized in equity respectively.

V. Significant accounting judgments and assumptions, and major 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 relevant information that are not readily available from other sources. Actual results may differ from original estimates.

The Group has taken into consideration the recent development of the COVID-19 pandemic in Taiwan and its possible impact on the economic environment, and has taken into account the significant accounting estimates related to cash flow estimates, growth rates, discount rates, profitability, etc. The management will continue to review the estimates and basic 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.

Estimated impairment of land held for construction and properties under development

The carrying amount of land held for construction and properties under development is significant to the overall financial statements. Where there is indication of impairment on the land held for construction and properties under development, it shall be assessed on the basis of the recoverable amount (i.e. The fair value of such assets less the cost of sale or its use value, whichever is higher). Changes in market prices or future cash flows will affect the recoverable amount of such assets, which may result that the Group has to recognize additional impairment losses or reverse the recognized impairment losses.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Checking accounts and demand deposits	$ 3,725,481	$ 2,824,488
Cash on hand	18,930	14,780
Cash equivalents		
Time deposits with original maturity date within 3 months	30,000	-
	$ 3,774,411	$ 2,839,268

VII. Financial assets at fair value through profit or loss - non-current

	December 31, 2022	December 31, 2021
Domestic listed (OTC) stocks and Emerging stocks	$ 13,560	$ 36,412
Domestic listed private placement stocks	225,290	-
Domestic unlisted (non-OTC) stocks	3,981	12,809
Co-investment equity jointly held (Note)	156,918	143,954
Investment in debt instruments	12,657	12,989
Fund beneficiary certificates	6,158	-
	$ 418,564	$ 206,164

Note: In order to create operational efficiency in the industry, the Group participated in the investment of Construction Company A in the construction project in Dunhua section of Songshan District, Taipei (hereinafter referred to as the project) and signed a joint investment and construction agreement with Construction Company A, with the rights and responsibilities divided into 80% for Construction Company A and 20% for the Group. The owner who purchased the land of the Project registered in the name of A Company, while A Company would be responsible for the application, filings and decision processes in connection with the Project, and the execution of the related contracts. In the future, the Project will be developed and designed comprehensively by A Company to build houses. Both parties agreed to sell these houses on behalf of the Group. The Group did not have any control and significant impact that lead the activities in connection with the Project. As a result, such investment was designated at fair value through profit or loss.

Please refer to Note 24 for information on the pledging properties as guarantees for borrowings.

VIII. Financial assets at fair value through profit or loss - non-current

	December 31, 2022	December 31, 2021
Investment in equity instruments		
Domestic listed (OTC) stocks and Emerging stocks	$ 111,215	$ -
Domestic listed private placement stocks	175,260	184,150
Domestic unlisted (non-OTC) stocks	352,491	325,229
	$ 638,966	$ 509,379

The Group invests in the above investments for medium-term and long-term strategies and expects to make profits through the long-term investments. The management of the Group considers that the inclusion of short-term fluctuations in the fair value of such investments in the profit and loss is inconsistent with the foregoing long-term investment plan, and therefore chooses to designate such investments as measured at fair value through other comprehensive income.

Please refer to Note 24 for information on the pledging properties as guarantees for borrowings.

IX. Notes and accounts receivables, and long-term receivables

	December 31, 2022	December 31, 2021
Notes and accounts receivable		
Measured at amortized cost		
Total carrying amount	$ 1,260,120	$ 1,418,552
Less: Allowance for loss	(7,985)	(5,218)
	$ 1,252,135	$ 1,413,334

(I) Notes and accounts receivable

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 the 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.

Analysis of loss allowance for notes and accounts receivable based on the provisional matrix is as follows:

December 31, 2022

	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	$ 959,628	$ 234,552	$ 47,121	$ 2,662	$ 16,157	$1,260,120
Allowance for loss	(695)	(2,773)	(1,629)	(15)	(2,873)	(7,985)
Amortized cost	$ 958,933	$ 231,779	$ 45,492	$ 2,647	$ 13,284	$1,252,135

December 31, 2021

	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	$1,035,853	$ 318,083	$ 334	$ 29,733	$ 34,549	$1,418,552
Allowance for loss	(1,033)	(1,483)	(7)	(1,633)	(1,062)	(5,218)
Amortized cost	$1,034,820	$ 316,600	$ 327	$ 28,100	$ 33,487	$1,413,334

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

s	2022	2021
Beginning balance	$ 5,218	$ 2,912
Add: Impairment loss recognized for the year	2,767	2,306
Ending balance	$ 7,985	$ 5,218

(II) Long-Term receivables

The long-term receivable on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
UMAX SYSTEMS GmbH (Germany)	$ 138,938	$ 156,904
Less: Allowance for loss	138,938	156,904
Net balance	$ -	$ -

The movements of the loss allowance of long-term receivables were as follows:

	2022	2021
Beginning balance	$ 156,904	$ 156,904
Less: Reversal on impairment loss for the year	(17,966)	-
Ending balance	$ 138,938	$ 156,904

In December 2009, the Company appointed a lawyer to file a claim settlement lawsuit against UMAX SYSTEMS GmbH (Germany) (USG Corporation)'s long-term receivable amounted to NT$156,904 thousand. Also, in July 2010, a judgment was received from the German local court in favor of the lawsuit. USG Company gave up appealing against the aforementioned judgment, so the Company appointed a lawyer to initiate a compulsory enforcement procedure on the assets of USG Company to the court. The local court in Germany will enforce the debt settlement against USG in accordance with the law. However, if USG's assets are insufficient to pay off its debts, USG will about to filing for bankruptcy. In this case, the court will equally distribute the remaining property to the creditors based on the proportion of creditors' claims on USG. Due to it is difficult to reasonably estimate the recoverable amount of creditor's rights that can be liquidated, all of the above-mentioned accounts was recorded as the bad debt loss in 2010 based on the principle of prudence and conservatism.

After the enforcement against USG's property, the Company obtained part of the amount of EUR1,123 thousand (approximately NT$43,346 thousand) in January 2011. According to the Bankruptcy Code of Germany, if the Company knows that USG is in bankruptcy when it initiates compulsory enforcement execution, the bankruptcy administrator can request the Company to return the money it has obtained. In July 2010, USG obtained the judgment of the local court in Germany and lost the case. The Company also proposed compulsory enforcement procedures. USG then filed a bankruptcy application to the court in Germany in January 2011. According to the law, the bankruptcy administrator can file a lawsuit against the Company in the local court in Germany within 3 years. After winning the case in the local court in Germany, the Company will be requested for the return of the money obtained from the enforcement.

In addition, the court in Germany started the tentative bankruptcy procedure (vorlaeufige Insolvenzverwaltung) of USG in January 2011. The Company also declared the debt in April 2011 on the balance of the original account receivable amounted to EUR3,428 thousand (approximately NT$156,904 thousand) deducting the aforementioned distribution of EUR1,123 thousand in a favor of USG's bankruptcy administrator to prepare a creditor's rights statement as a basis for subsequent distribution. According to the assessment of the bankruptcy administrator's report, the amount that the Company can be repaid when participating in the distribution of bankruptcy claims in June 2011 should exceed the currently allocated distribution of EUR1,123 thousand due to the compulsory enforcement based on the original accounts receivable of EUR3,428 thousand. Therefore, 43,346 thousand of gain on bad debt recovery were recognized in 2011 based on the amounts.

In December 2012, the Company received a request from the local court in Germany to return the originally allocated distribution of EUR1,123 thousand due to the compulsory enforcement. Also, in June 2014, the judgment of the first instance was obtained which was lost. The full amount of the above amount was set aside as allowance of bad debt based on the principle of prudence. Also, a lawyer was appointed to appeal in the second instance. Subsequently, the appeal was withdrawn in April 2015, and the related money was returned. The assets that can be distributed in the future were to be notified by the bankruptcy administrator.

In the end, the Company was allocated NT$17,966 thousand of the remaining creditor's rights in November 2022, so the gain on reversal of expected credit loss was recognized.

X. Inventories (applicable to the construction industry)

	December 31, 2022	December 31, 2021
Lands held for construction		
Fengming section, Yingge (3)	$ 234,240	$ 101,265
Fuqian section, Tainan	675,504	659,792
Xinbei section, Tainan (1)	486,738	410,422
Xinbei section, Tainan (2)	-	545,014
Xinbei section, Tainan (3)	178,640	178,510
Pingtian section, Taichung	-	627,375
Sinsing section, Banqiao	695,908	680,724
Jhenfu section, Taichung	634,626	620,169
Huwei Liao section, Tainan	235,657	235,657
Taichung New High Speed Rail Section	-	668,232
Houbitian section, Kaohsiung(1)	$ -	$ 34,283
Houbitian section, Kaohsiung(2)	307,080	295,006
Daan section, Tucheng	283,157	272,974
Xinbei section, Tainan (4) - Volume transfer land	138,574	-
Letian section, Taichung - Volume transfer land	145,068	-

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	December 31, 2022	December 31, 2021
Properties under development		
Xinhua section, Xinzhuang	882,159	687,040
Chuangyan section, Taichung	1,674,603	1,320,987
Nangang section, Taipei	642,768	580,658
Xinzhi section, Xinzhuang	737,211	659,610
Fengming section, Yingge (2)	37,706	36,972
Laicuobu section, Taichung	747,752	664,669
Dunhua section, Taipei	815,917	762,572
Pingtian section, Taichung	796,986	-
Ping Shih section, Tainan	21,403	-
Tung Hsing section, Tainan	429	-
Xinbei section, Tainan (2)	692,336	-
Taichung New High Speed Rail Section	858,551	-
Houbitian section, Kaohsiung(1)	98,930	-
Huilaicuo Section, Taichung	431,564	-
Buildings and land held for sale		
Fengming section, Yingge (1)	-	40,183
Prepayments for land		
Letian section, Taichung	129,624	64,197
Xinbei section, Tainan (2) - Volume transfer land	-	117,646
Fuqian section, Tainan - Volume transfer land	-	7,279
Fengming section, Yingge (3)	-	24,787
Huilaicuo Section, Taichung	-	126,707
Prepayments for volume transfer		
Jhenfu section, Taichung－monetary substitution of volume transfer	161,129	-
The Fengming section, Yingge (3)－monetary substitution of volume transfer	57,170	-
Houbitian section, Kaohsiung (1)－monetary substitution of volume transfer	9,467	-
	$ 12,810,897	$ 10,422,730

(I) The construction sites above were acquired for residential development.

(II) 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. As of December 31, 2022, the projects with signed and not yet terminated trust deed and the types of trust deed signed are summarized as follow:

Name of project	Type of trust	Trust Bank
Xinhua section, Xinzhuang	Real estate development trust	Mega International Commercial Bank
Chuangyan section, Taichung	Real estate development trust	Taiwan Cooperative Bank
Nangang section, Taipei	Real estate development trust	Taiwan Cooperative Bank
Xinzhi section, Xinzhuang	Real estate development trust	Bank SinoPac
Fengming section, Yingge (2)	Real estate development trust	Land Bank of Taiwan
Dunhua section, Taipei	Real estate development trust	Taishin International Commercial Bank
Laicuobu section, Taichung	Real estate development trust	Chang Hwa Commercial Bank
Pingtian section, Taichung	Real estate development trust	Hua Nan Bank
Taichung New High Speed Rail Section	Real estate development trust	Taiwan Cooperative Bank
Xinbei section, Tainan (2)	Real estate development trust	Bank SinoPac
Huilaicuo Section, Taichung	Real estate development trust	Land Bank of Taiwan

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

(III) The prepayments for land above were for the land contract payments for future operations and property development sales plan of the Group.

(IV) Please refer to Note 24 for information on the pledging properties as guarantees for borrowings.

(V) Renxin section, Sanchong was a construction project jointly built by a subsidiary and a landowner (a natural person). The contract was terminated in November 2021, and the recognition of the related projects was transferred to the account of other expenses.

XI. Subsidiary

(I) Subsidiaries included in consolidated financial statements

The entities of the consolidated financial statements are as follows:

Name of Investor	Name of subsidiaries	Business activities	Percentage of equity held December 31, 2022	Percentage of equity held December 31, 2021	Description
The Company	Hi-Yes Construction Co., Ltd.	Property trading and leasing as well as office complex development and leasing	100%	100%	1
	Haixia Construction Co., Ltd.	Property trading and leasing as well as office complex development and leasing	100%	100%	2
	Haixin International Co., Ltd.	Property trading and leasing as well as office complex development and leasing	85%	85%	-
	Haiyan Construction Co., Ltd.	Development and leasing of residences and office complexes	70%	70%	-
	Haiju Development Co., Ltd.	Property trading and leasing as well as office complex development and leasing	85%	85%	-
	Haihui Construction Co., Ltd.	Development and leasing of residences and office complexes	100%	100%	3
	Hiyu International Co., Ltd.	Property trading and leasing as well as office complex development and leasing	85%	85%	-
	NanYue Construction Co., Ltd.	Development and leasing of residences and office complexes	75%	75%	4
	Jin Yutai Co., Ltd.	Operation of urban renewal and reconstruction business and residential houses, and development and lease of buildings	53.58%	50.23%	5
Haixia Construction Co., Ltd.	Yueda Construction Co., Ltd.	Development and leasing of residences and office complexes	55%	55%	-

Note:

1. The Group increased the cash capital amounted to NT$600,000 thousand and NT$320,000 thousand to Hi-Yes Construction Co., Ltd. in 2022 and 2021, respectively, and the shareholding ratio remains unchanged after the capital increase.
2. The Group increased the cash capital amounted to NT$110,000 thousand to Haixia Construction Co., Ltd. in November 2022, and the shareholding ratio remains unchanged after the capital increase.
3. The Group acquired 20% equity from the shareholders of non-controlling interests in February 2021, and the total shareholding after acquisition is 100%.
4. It was established in March 2021. The Group increased the cash capital amounted to NT$30,000 thousand to NanYue Construction Co., Ltd. in April 2022, and the shareholding ratio remains unchanged after the capital increase.

5. The Group originally held a 4.77% equity interest in Jin Yutai Co., Ltd. and acquired an additional 45.46% equity interest in the Group in September 2020, resulting in a total equity interest of 50.23%. After that, there was a cash capital increase amounted to NT$348,255 thousand in total, and the shareholding ratio after the capital increase was 53.58% in total in December 2022. Jin Yutai Co., Ltd. convened an extraordinary general meeting in January 2021 to appoint directors, after which the Group was able to effectively lead the related activities of the company. As a result, the company was presented as a subsidiary. Please refer to Note 21 for details.

(II) Subsidiaries not included in consolidated financial statements: None.

XII. Investments using the equity method

Investment in associates

	December 31, 2022	December 31, 2021
Associates not individually significant		
JP Vendome Co., Ltd.	$ 4,289	$ 4,289
Liansheng Investment Co., Ltd.	73,560	103,342
Hongsheng Real Estate Co., Ltd.	33,160	32,690
Shenghua Development Co., Ltd.	60,000	40,000
Smart Built Construction Technology Co., Ltd.	54,951	-
	$ 225,960	$ 180,321

	Percentage of ownership interest and voting rights	
	December 31, 2022	December 31, 2021
Associates not individually significant		
JP Vendome Co., Ltd.	30%	30%
Liansheng Investment Co., Ltd.	20%	20%
Hongsheng Real Estate Co., Ltd.	32%	32%
Shenghua Development Co., Ltd.	20%	20%
Smart Built Construction Technology Co., Ltd.	30%	-%

Please refer to Table 6 for information on the nature of business, its area of operations, and country of company registry of the above affiliates.

The share of profits and losses and other comprehensive income enjoyed by the associates and the Group using the equity method in 2022 and 2021 shall be recognized according to the financial reports of each subsidiary audited by the CPAs for the same period. However, the management of the Group considers that the financial reports of the invested companies have not been audited by the CPAs, thus there is no significant impact.

XIII. Investment properties

	Investment properties under construction	Right-of-use assets	Total
Cost			
Balance as of January 1, 2022	$ 153,677	$ 3,959,612	$ 4,113,289
Additions	-	396,885	396,885
Construction costs incurred by investment properties under construction	75,513	-	75,513
From right-of-use assets	86,581	-	86,581
Borrowing cost conforming to conditions of capitalization	$ 26,085	$ -	$ 26,085
Lease modifications	-	16,810	16,810
Balance as of December 31, 2022	$ 341,856	$ 4,373,307	$ 4,715,163
Accumulated depreciation and impairment			
Balance as of January 1, 2022	$ -	$ 208,876	$ 208,876
Depreciation expenses	-	86,581	86,581
Balance as of December 31, 2022	$ -	$ 295,457	$ 295,457
Net balance as of December 31, 2022	$ 341,856	$ 4,077,850	$ 4,419,706
Cost			
Balance as of January 1, 2021	$ -	$ -	$ -
Construction costs incurred by investment properties under construction	19,443	-	19,443
Acquisition through business combinations (Note 21)	34,565	3,941,700	3,976,265
From right-of-use assets	82,611	-	82,611
Borrowing cost conforming to conditions of capitalization	17,058	-	17,058
Lease modifications	-	17,912	17,912
Balance as of December 31, 2021	$ 153,677	$ 3,959,612	$ 4,113,289

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	Investment properties under construction	Right-of-use assets	Total
Accumulated depreciation and impairment			
Balance as of January 1, 2021	$ -	$ -	$ -
Acquisition through business combinations (Note 21)	-	126,265	126,265
Depreciation expenses	-	82,611	82,611
Balance as of December 31, 2021	$ -	$ 208,876	$ 208,876
Net balance on December 31, 2021	$ 153,677	$ 3,750,736	$ 3,904,413

Please refer to Note 21 for the Group's investment properties arising from the acquisition of the subsidiary on January 5, 2021.

Investment properties under construction are recognized at cost less accumulated loss. Cost includes professional service expenses and borrowing cost that conforms to conditions of capitalization. Such assets will be depreciated once they are under intended status. Interest expense arising on borrowings for projects should be capitalised as described in Note 18 (3) Interest capitalisation.

The original period of useful life for the right-of-use assets in investment properties is 50 years, until December 2067, and the rights of construction and operation are obtained based on the land ownership contract for Gongyuan Section of Zhongzheng District executed with the Taipei City government on which base and cultural and sight-seeing facilities will be built. In addition to installment, land use right payable totaled at NT$2,888,800 thousand and land rent shall be paid year by year (annual interest shall be paid based on the land price stipulated under the contract) along with the facility revolving fund of NT$14,830 thousand, recognized as right-of-use assets and lease liabilities. As of December 31, 2022, lease liabilities recognized in current and non-current liabilities amounted to NT$43,510 thousand and NT$2,488,319 thousand, respectively.

Fair value of investment properties is evaluated by independent valuation companies. Such evaluation price is referred to the market trading price of investment properties. Based on the evaluation, the fair value is NT$4,084,000 thousand.

Please refer to Note 24 for information on the amount of investment properties as guarantees for borrowings.

XIV. Loans

(I) Short-term loans

	December 31, 2022	December 31, 2021
Secured bank loans (Note 24)	$ 897,400	$ 1,004,600
Unsecured bank loans	1,130,000	1,195,000
	$ 2,027,400	$ 2,199,600

Interest rate of revolving bank loan was 1.75%~2.94% and 1.12%~1.95% as of December 31, 2022 and 2021, respectively.

(II) Short-term notes payable

	December 31, 2022	December 31, 2021
Commercial promissory notes payable	$238,000	$ 88,000
Less: discount on short-term notes payable	(864)	(236)
	$237,136	$ 87,764

Short-term notes payable which are not yet due are as follows:

December 31, 2022

Guarantee/ acceptance institution	Face value	Discount amount	Carrying amount	Range of interest rate	Collateral description	Carrying amount of collateral security
Commercial promissory notes payable						
Syndicated loan						
Taiwan Cooperative Bank	$ 39,600	$ 55	$ 39,545	1.54%	Land	$642,768
Mega International Bank	39,600	55	39,545			
Hua Nan Bank	4,400	6	4,394			
Agricultural Bank of Taiwan	4,400	6	4,394			
China Bills	150,000	742	149,258	2.44%	-	-
	$238,000	$ 864	$237,136			

December 31, 2021

Guarantee/ acceptance institution	Face value	Discount amount	Carrying amount	Range of interest rate	Collateral description	Carrying amount of collateral security
Commercial promissory notes payable						
Syndicated loan						

Taiwan Cooperative Bank	$ 39,600	$ 106	$ 39,494			
Mega International Bank	39,600	106	39,494	0.69%	Land	$580,658
Hua Nan Bank	4,400	12	4,388			
Agricultural Bank of Taiwan	4,400	12	4,388			
	$ 88,000	$ 236	$ 87,764			

(III) Long-term loans

	December 31, 2022	December 31, 2021
Secured loans (Note 24)		
Pledged loans		
- Bank loans (1)	$ 94,800	$ 55,000
- Bank loans (2)	396,000	396,000
- Bank loans (3)	1,004,600	882,800
- Bank loans (4)	330,000	330,000
- Bank loans (5)	897,000	897,000
- Bank loans (6)	379,050	399,000
- Bank loans (7)	510,000	510,000
- Bank loans (8)	410,000	340,000
- Bank loans (9)	300,700	300,700
- Bank loans (10)	-	391,000
- Bank loans (11)	417,400	417,400
- Bank loans (12)	608,000	608,000
- Bank loans (13)	156,500	156,500
- Bank loans (14)	124,000	124,000
- Bank loans (15)	$ 46,000	$ -
- Bank loans (16)	210,490	-
- Bank loans (17)	762,620	762,620
- Bank loans (18)	521,110	-
- Bank loans (19)	363,700	-
Subtotal	7,531,970	6,570,020
Loans guaranteed by the chairman		
- Bank loans	3,824,300	1,571,925
Unsecured loans		
- Bank loans	750,000	300,000
	12,106,270	8,441,945
Less: Portion due within one year	(3,042,558)	(317,500)
	$ 9,063,712	$ 8,124,445

Interest rate of long-term bank loan was 2.07%~ 2.66% and 1.49%~2.15% as of December 31, 2022 and 2021, respectively.

(1) The Group took out a loan of NT$46,200 thousand, secured by land held for construction site, on April 11, 2014. The original loan maturity date was April 11, 2017, and then was extended to April 11, 2023. In addition, on December 25, 2019, the remaining land financing loan in the amount of NT$8,800 thousand was appropriated. However, the amount was prepaid on April 11, 2022, and, in addition, construction financing of NT$48,600 thousand was withdrawn on April 27, 2022, in total amount of NT$94,800 thousand. The interest is paid monthly and the principal will repaid in a lump sum when the loan is due.

(2) On September 25, 2019, the Group pledged land held for construction to secured the loan of NT$396,000 thousand, with a due date of September 25, 2023. The interest is paid monthly and the principal will repaid in a lump sum when the loan is due.

(3) As the land transfer certificate was obtained on February 26, 2020, the Group acquired a loan of NT$881,800 thousand by pledging the construction land. In addition, a grant of NT$1,000 thousand was issued on December 30, 2021, a grant of NT$38,800 thousand was issued on April 15, 2022, a grant of NT$14,000 thousand was issued on June 15, 2022, a grant of NT$32,000 thousand was issued on August 15, 2022, a grant of NT$30,000 thousand was issued on October 17, 2022, and a grant of NT$7,000 thousand was issued on December 15, 2022, totaling at NT$1,004,600 thousand. Such loan will be due on December 31, 2023 with monthly interest payment, and a lump-sum principal repayment when it is due.

(4) On November 20, 2020, due to the financing needs of the joint construction, the Group borrowed NT$330,000 thousand by secured bank borrowings for the lands held for construction, with a due date of October 7, 2025. The interest is paid monthly and the principal will be repaid in a lump sum when the loan is due.

(5) The Group acquired a loan of NT$845,100 thousand by pledging the construction land on January 12, 2021, and another grant of NT$51,900 thousand was issued on January 15, 2021, totaling at NT$897,000 thousand. Such loan will be due on January 12, 2025, with monthly interest payment, and a lump-sum principal repayment when it is due.

(6) The Group acquired a loan of NT$399,000 thousand by pledging the construction land on January 6, 2021, and repayment of NT$19,950 thousand was issued on May 27, 2022, totaling at NT$379,050 thousand. Such loan will be due on January 6, 2026, with monthly interest payment, and a lump-sum principal repayment when it is due.

(7) On January 11, 2021, the Group pledged land held for construction to secured the loan of NT$510,000 thousand, with a due date of January 11, 2025. The interest is paid monthly and the principal will repaid in a lump sum when the loan is due.

(8) The Group acquired a loan of NT$300,000 thousand by pledging the properties under development on April 12, 2021. In addition, a grant of NT$20,000 thousand was issued on November 25, 2021 and December 27, 2021, respectively. A grant of NT$17,000 thousand was issued on January 25, 2022 and February 25, 2022, respectively. A grant of NT$8,000 thousand was issued on May 25, 2022, a grant of NT$5,000 thousand was issued on August 25, 2022, a grant of NT$11,000 thousand was issued on September 26, 2022, and a grant of NT$12,000 thousand was issued on December 26, 2022, totaling at NT$410,000 thousand. Such loan will be due on April 12, 2024 and May 25, 2025, respectively, with monthly interest payment, and a lump-sum principal repayment when it is due.

(9) On June 11, 2021, the Group pledged land held for construction to secured the loan of NT$300,700 thousand, with a due date of June 11, 2026. The interest is paid monthly and the principal will repaid in a lump sum when the loan is due.

(10) On May 14, 2021, the Group pledged land held for construction to secured the loan of NT$391,000 thousand, with a due date of October 22, 2024. The interest is paid monthly and the principal will repaid in a lump sum when the loan is due. The Group repaid the loan in advance in May 2022.

(11) On July 15, 2021, due to the financing needs of the joint construction, the Group borrowed NT$417,400 thousand by secured bank borrowings for the lands held for construction, with a due date of March 12, 2027. The interest is paid monthly and the principal will be repaid in a lump sum when the loan is due.

(12) On August 2, 2021, the Group pledged land held for construction to secured the loan of NT$608,000 thousand, with a due date of August 2, 2025. The interest is paid monthly and the principal will repaid in a lump sum when the loan is due.

(13) On October 29, 2021, the Group pledged land held for construction to secured the loan of NT$156,500 thousand, with a due date of October 29, 2026. The interest is paid monthly and the principal will repaid in a lump sum when the loan is due.

(14) On November 19, 2021, the Group pledged land held for construction to secured the loan of NT$124,000 thousand, with a due date of November 19, 2026. The interest is paid monthly and the principal will repaid in a lump sum when the loan is due.

(15) On February 7, 2022, due to the financing needs of the joint construction, the Group borrowed NT$46,000 thousand by secured bank borrowings, with a due date of November 3, 2024. The interest is paid monthly and the principal will be repaid in a lump sum when the loan is due.

(16) On January 20, 2022, the Group pledged land held for construction to secured the loan of NT$210,490 thousand, with a due date of January 20, 2027. The interest is paid monthly and the principal will repaid in a lump sum when the loan is due.

(17) The Group acquired a loan of NT$329,300 thousand by pledging the investment properties in 2019. In addition, a grant of NT$433,320 thousand was issued on July 20, 2021, totaling at NT$762,620 thousand. Such loan will be due on January 28, 2024 with monthly interest payment, and a lump-sum principal repayment when it is due.

(18) The Group acquired a loan of NT$391,000 thousand by pledging the construction land on May 4, 2022. In addition, a grant of NT$46,200 thousand was issued on May 9, 2022, a grant of NT$25,000 thousand was issued on July 22, 2022, a grant of NT$6,000 thousand was issued on September 22, 2022, a grant of NT$13,590 thousand was issued on October 24, 2022, a grant of NT$20,000 thousand was issued on October 28, 2022, and a grant of NT$19,320 thousand was issued on November 22, 2022, totaling at NT$521,110 thousand. Such loan will be due on May 4, 2026 with monthly interest payment, and a lump-sum principal repayment when it is due.

(19) On June 7, 2022, the Group pledged land held for construction to secured the loan of NT$363,700 thousand, with a due date of June 7, 2028. The interest is paid monthly and the principal will repaid in a lump sum when the loan is due.

XV. Post-employment benefits

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. Please refer to Note 18 for the contributions made by the Group in accordance with the specified percentages of the defined contribution plans.

XVI. Equity interest

(I) Share capital

1. Common stock

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	300,000	200,000
Authorized capital stock	$ 3,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousand shares)	117,108	106,462
Share capital issued	$ 1,171,081	$ 1,064,620

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

On July 5, 2021, the shareholders' meeting resolved to issue 9,678 thousand new shares with a par value of NT$10 per share by distributing stock dividends from the surplus, resulting in a paid-in capital of NT$1,064,620 thousand. The above-mentioned capitalization of surplus was approved by the FSC on July 13, 2021, and the Board of Directors resolved that August 7, 2021 should be the ex-rights base date.

On June 17, 2022, the shareholders' meeting resolved to issue 10,646 thousand new shares with a par value of NT$10 per share by distributing stock dividends from the surplus, resulting in a paid-in capital of NT$1,171,081 thousand. The above-mentioned capitalization of surplus was approved by the FSC on July 7, 2022, and the Board of Directors resolved that August 8, 2022 should be the ex-rights base date.

2. Preferred shares

In March 2021, the board of directors approved the Company's cash capital increase to issue preferred shares. This case was declared effective by Jin Guan Zheng Fa Zi No. 1100342890 of the Financial Supervisory Commission on May 26, 2021. Also, the capital increase recordation date is August 7, 2021. 30,000 thousand shares of preferred shares were issued in cash, with a face value of NT$10 per share and an issue price of NT$40 per share for an annual rate of 4% of preferred shares (based on a five-year IRS rate of 0.62275% + a fixed overweight rate of 3.37725%). A five-year IRS rate shall be reset on the next business day after five years from the issue date and every five years thereafter. Preferred shareholders of the Company have no voting and election rights at ordinary shareholders' meetings, but they have the right to vote in preferred shareholders' meetings and matters against to the rights and obligations of preferred shareholders. The Company has the discretion to distribute dividends on preferred shares. If the Company's annual final accounts have no earnings or the earnings is insufficient to distribute the dividends on preferred shares or other necessary considerations, the Board of Directors may decide not to distribute the dividends on preferred shares, which does not constitute a breach of contract. While the non-cumulative dividends distributions are resolved not to be distributed or be distributed for insufficient dividends, it shall not by accumulated and will be deferred in subsequent years if there is earnings.

The Company’s preferred shares have no maturity date. However, the Company may call in all or part of the preferred shares at any time from the day following the five-year expiration date at the original actual issue price. Preferred shares are not converted into ordinary shares. Preferred shareholders shall not request the Company to call in the preference shares they hold.

(II) Capital surplus

	December 31, 2022	December 31, 2021
May be used to cover deficiencies, to issue cash, or to contribute to capital. (Note)		
Premium on conversion of corporate bonds	$ 384,377	$ 384,377
Premium on issuance of shares	900,000	900,000
Expired stock options	26	26
May only be used to offset deficits		
Dividends unclaimed by shareholders after lapse of time	40	40
Exercise of disgorgement	788	788
	$ 1,285,231	$ 1,285,231

Note: Such capital reserves may be used to cover losses or, in the absence of losses, to issue cash or to increase capital stock up to a certain percentage of the paid-up capital each year.

(III) 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 capital reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated as dividends in accordance with a proposal for profit distribution as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. For the policies on distribution of employees’ compensation and remuneration of directors, please refer to Note 18 (6) (Employees' Compensation and Remuneration of Directors).

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

The legal capital 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 capital reserve that exceeds 25% of the total paid-in capital may be appropriated in cash in addition to being transferred to share capital.

The Company only provides for unappropriated earnings in the previous period when special reserve is appropriated based on the net deduction of other interests accumulated in the previous period.

The appropriations of earnings for the years ended December 31, 2021 and 2020 as approved in the shareholders' meetings on June 17, 2022 and July 5, 2021, respectively, were as follows:

	Earnings distribution proposal		Dividends per share (NT$)	
	2021	2020	2021	2020
Legal capital reserve	$ 176,244	$ 139,245	$ -	$ -
Cash dividends of preferred shares	13,282	-	0.44	-
Share dividends of ordinary shares	106,461	96,784	1	1
Cash dividends of ordinary shares	745,234	677,485	7	7
Reversal of special reserve	-	29,791	-	-

On March 24, 2023, the Board of Directors of the Company planned a resolution on the surplus distribution proposal for the year 2022 as follows:

	Earnings distribution proposal	Dividends per share (NT$)
Legal capital reserve	$ 98,127	
Cash dividends of preferred shares	48,000	$ 1.6
Cash dividends of ordinary shares	579,846	5

The appropriations of earnings for the year ended December 31, 2022 are subject to the resolution of the shareholders' meeting planned to be held in 2023.

(IV) Treasury shares

Unit: Thousand shares

Reason for Buyback	Number of Shares at January 1	Increase in the current year	Transfer for the year	Number of Shares at December 31
2022				
Shares transferred to employees	-	1,139	-	1,139

Treasury shares held by the Company may be neither pledged nor assigned rights such as dividend appropriation and voting rights in accordance with the Securities and Exchange Act.

XVII. Income

(I) Disaggregation of revenue from customer contracts

	2022	2021
Revenue from sales of buildings and land	$ 51,935	$ 1,105,741
Service revenue	5,040,342	5,250,593
	$ 5,092,277	$ 6,356,334

(II) Contract balance

Contract assets refer to certain payments retained by the customer as specified in the contract to ensure that the Group adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations. Contract liabilities refer to pre-sale housing and land payments received in installments which are recognized as revenue when the construction of the real estate is completed and the real estate is delivered to the buyer. Please refer to the information stated in the consolidated balance sheets for relevant balances.

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

(III) Contract cost-related assets

	December 31, 2022	December 31, 2021
Current		
Incremental costs of obtaining contracts	$ 21,183	$ 14,756
Contract performance costs		
Marketing agency project AA1010	$ 68,022	$ 2,922
Marketing agency project AA1006	57,739	47,777
Marketing agency project AA1005	45,579	49,116
Marketing agency project AA0915	44,560	61,644
Marketing agency project AC0910	40,536	38,133
Marketing agency project AD1007	28,535	39,651
Marketing agency project AA1001	20,472	41,617
Marketing agency project AA1003	13,075	41,500
Marketing agency project AD0916	10,131	35,867
Others	1,024,966	413,570
	$ 1,353,615	$ 771,797

XVIII. Comprehensive income

(I) Other income

	2022	2021
Dividend income	$ 11,495	$ 53,550
Rental income	5,238	4,616
Others	11,521	11,409
	$ 28,254	$ 69,575

(II) Other gains and losses

	2022	2021
Losses from accrued compensation for litigation	($ 100,000)	$ -
Net loss on financial assets at fair value through profit or loss	(49,487)	(53,408)
Foreign currency exchange gain (loss), net	6,757	(1,575)
Evaluation interest of equity remeasured upon consolidation acquired by stages	-	18,594
Others	(84,346)	(44,402)
	($ 227,076)	($ 80,791)

(III) Finance costs

	2022	2021
Interest on bank borrowings	$ 259,615	$ 152,119
Interest on lease liabilities	82,965	70,914
	342,580	223,033
Less: amounts included in the cost of the required assets	(201,222)	(95,633)
	$ 141,358	$ 127,400

Information on the capitalization of interest is as follows:

	2022	2021
Amount of capitalization of interest	$ 201,222	$ 95,633
Interest rate of capitalization of interest	1.75%～2.94%	1.12%～2.35%

(IV) Depreciation and amortization

	2022	2021
Depreciation expenses summarized by function		
Operating expenses	$ 15,050	$ 13,286
Amortization expenses summarized by function		
Operating expenses	$ 1,462	$ 1,741

(V) Employee benefit expenses

	2022	2021
Short-term employee benefits	$ 545,338	$ 606,940
Post-employment benefits (Note 15)		
Defined contribution plans	13,391	10,914
Total employee benefits	$ 558,729	$ 617,854
Summarized by functions		
Operating expenses	$ 558,729	$ 617,854

(VI) Employees' compensation and remuneration to 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. The accrued employees' compensation and remuneration of directors and supervisors for 2022 and 2021, which have been approved by the Company's board of directors on March 24, 2023 and March 25, 2022, respectively, were as follows:

Accrual ratio

	2022	2021
Employee remuneration	1%	1%
Remuneration to directors and supervisors	1%	1%

Amount

	2022	2021
	Cash	Cash
Employee remuneration	$ 11,357	$ 19,766
Remuneration to directors and supervisors	11,357	19,766

If changes are made to the amount after the publication of the annual consolidated financial statements, they apply in accordance with accounting estimation changes and will be included in the financial statements of the following year.

The actual employee’ compensation and remuneration to directors and supervisors in 2021 and 2020 were consistent with the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information about employees' compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System of Taiwan Stock Exchange.

XIX. Income tax

(I) Major components of income tax expenses recognized in profit or loss are as follows:

	2022	2021
Current tax		
Generated in the current year	$ 313,907	$ 490,412
Land value increment tax	708	24,984
Additional income tax on unappropriated earnings	70,290	37,784
Adjustments for prior years	2,776	(881)
Deferred income tax		
Generated in the current year	(839)	(839)
Income tax expenses recognized in profit or loss	$ 386,842	$ 551,460

The adjustment of accounting income and income tax expense is as follows:

	2022	2021
Net income before tax	$ 1,286,793	$ 2,301,601
Income tax expense for net profit before tax is calculated at the statutory rate	$ 257,359	$ 460,320
Net non-deductible expense and loss on tax	7,378	10,906
Tax-free income	5,415	(3,251)
Additional income tax on unappropriated earnings	70,290	37,784
Unrecognized deductible temporary differences	42,916	21,598
Land value increment tax	708	24,984
Adjustments on current income tax expense of previous years in current year	2,776	(881)
Income tax expenses recognized in profit or loss	$ 386,842	$ 551,460

(II) Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax liabilities		
Income tax payable	$ 145,906	$ 354,261

(III) Deferred income tax assets and liabilities

2022

Deferred income tax liabilities	Beginning balance	recognized in profit or loss	Ending balance
Temporary difference			
Difference between carrying amounts of assets acquired by combination and basis of taxation	$ 260,663	($ 839)	$ 259,824

2021

Deferred income tax liabilities	Beginning balance	Acquisition by combination (Note 21)	recognized in profit or loss	Ending balance
Temporary difference				
Difference between carrying amounts of assets acquired by combination and basis of taxation	$ -	$ 261,502	($ 839)	$ 260,663

(IV) Deductible temporary differences that are not recognized as deferred tax assets in the Consolidated Balance Sheets.

	December 31, 2022	December 31, 2021
Deductible temporary differences		
Bad debts exceeding the limit	$ 1,504	$ 152,391
Impairment loss	37,130	37,130
	$ 38,634	$ 189,521

(V) Income tax assessments

The Group's tax returns have been assessed by the tax authorities for the following years:

Company Name	Year ended
Hi-Yes International Co., Ltd.	2020
Hi-Yes Construction Co., Ltd.	2020
Haixia Construction Co., Ltd.	2020
Yueda Construction Co., Ltd.	2020
Haixin International Co., Ltd.	2020
Haiyan Construction Co., Ltd.	2020
Haiju Development Co., Ltd.	2020
Haihui Construction Co., Ltd.	2020
Hiyu International Co., Ltd.	2020
NanYue Construction Co., Ltd.	-
Jin Yutai Co., Ltd.	2020

XX. Earnings per share

For the earnings per share computation, it was adjusted retroactively for the issuance of bonus shares, for which the record date was set on August 8, 2022. Changes in the basic and diluted earnings per share adjusted retrospectively for 2021 were as follows:

Unit: NT$ per share

	Retroactively adjusted before	After retrospective adjustment
Basic earnings per share	$ 15.58	$ 14.16
Diluted earnings per share	$ 15.55	$ 14.13

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

Net income for the period

	2022	2021
Net income for the period	$ 934,394	$ 1,658,265
Less: Dividends on preferred share	(13,282)	-
Net income used for calculating basic/diluted earnings per share	$ 921,112	$ 1,658,265

Number of shares

Unit: Thousand shares

	2022	2021
Weighted average number of ordinary shares for the purpose of calculating basic EPS	116,951	117,108
Potential impact on ordinary shares with dilutive effect:		
Employee remuneration	220	233
Weighted average number of ordinary shares for the purpose of calculating diluted EPS	117,171	117,341

If the Group chooses to offer employees' compensation or share profits by way of cash or stock, then while calculating the diluted EPS, 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 the diluted EPS. The dilutive effect of such potential ordinary shares shall continue to be considered when calculating the diluted EPS before the number of shares to be distributed as employees' compensation is resolved in the following year.

XXI. Business combination

(I) Acquisition of subsidiaries

	Principal operating activities	Acquisition date	Percentage of voting equity/acquisition (%) (Note)	Consideration of transfer
Jin Yutai Co., Ltd.	Operation of urban renewal	January 5, 2021	45.46%	$ 212,500

Note: As a result of Jin Yutai Co., Ltd.'s election of a majority of the directors at the annual general meeting of shareholders held in January 2021, the Group was judged to be substantially capable of directing its relevant activities and was therefore classified as a subsidiary. The relevant acquisition cost amounted to NT$1,012 thousand was recognized as other gains and losses. The Group, together with its original shareholding, had acquired a total of 50.23% equity interest in Jin Yutai Co., Ltd..

(II) Consideration of transfer

The consideration for the transfer of Jin Yutai Co., Ltd. paid by the Group amounted to NT$212,500 thousand which was fully paid in September 2020.

(III) Assets acquired and liabilities assumed on the acquisition date

	Jin Yutai Co., Ltd.
Current assets	
Cash	$ 376
Prepayments	5,018
Other current assets	1,159
Non-current assets	
Financial assets at amortized cost - non-current	79,060
Investment properties - Right-of-use assets	3,815,435
Investment properties - Properties under construction	34,565
Current liabilities	
Short-term borrowings	(71,188)
Accounts payable and other payables	(5,218)
Lease liabilities - current	(384,506)
Long-term liabilities due within one year or one operating cycle	(288,800)
Other current liabilities	(100,000)
Non-current liabilities	
Long-term loans	(329,300)
Deferred income tax liabilities	(261,502)
Lease liabilities - non-current	(2,063,543)
	$ 431,556

(IV) Non-controlling interest

The non-controlling interest in Jin Yutai Co., Ltd. (49.77% of the ownership equity) is measured at the proportion of the net identifiable assets held as non-controlling interest in the investee that has been recognized.

(V) Goodwill generated from the acquisition

	Jin Yutai Co., Ltd.
Consideration of transfer	$ 212,500
Add: Fair value of initial equity of Jin Yutai Co., Ltd. held on acquisition date	18,594
Add: Non-controlling interest (49.77% of ownership equity of Jin Yutai Co., Ltd.)	214,797
Less: Fair value of identifiable net assets acquired	(431,556)
Goodwill generated from the acquisition	$ 14,335

Before the acquisition of Jin Yutai Co., Ltd., the Group already held a 4.77% interest in the company. The gain recognized based on the re-measurement of fair value was NT$18,594 thousand, which is recorded as other gains and losses. The goodwill generated from the acquisition of Jin Yutai Co., Ltd. mainly comes from the control premium. In addition, the consideration paid for the combination includes the expected combination synergies, revenue growth and future market development. However, such benefits do not meet the requirements for recognition of identifiable intangible assets, thus they are not recognized separately.

The goodwill generated from the acquisition is not expected to be tax deductible.

(VI) Net cash (inflows) acquired from subsidiaries

	Jin Yutai Co., Ltd.
Consideration of cash payment	$ 212,500
Less: Prepayments for investments	(212,500)
Less: Cash balance acquired	(376)
	($ 376)

XXII. Financial instruments

(I) 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.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

(1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed (OTC) stocks and Emerging stocks	$ 13,560	$ -	$ -	$ 13,560
Domestic listed private placement stocks	-	225,290	-	225,290
Domestic unlisted (non-OTC) stocks	-	-	3,981	3,981
Co-construction investment equity	-	-	156,918	156,918
Investment in debt instruments	12,657	-	-	12,657
Fund beneficiary certificates	6,158	-	-	6,158
Total	$ 32,375	$ 225,290	$ 160,899	$ 418,564
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
- Domestic listed (OTC) stocks and Emerging stocks	$ 111,215	$ -	$ -	$ 111,215
- Domestic listed private placement stock	-	175,260	-	175,260
- Domestic unlisted (non-OTC) stocks	-	-	352,491	352,491
Total	$ 111,215	$ 175,260	$ 352,491	$ 638,966

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed (OTC) stocks and Emerging stocks	$ 36,412	$ -	$ -	$ 36,412
Domestic unlisted (non-OTC) stocks	-	-	12,809	12,809
Co-construction investment equity	-	-	143,954	143,954
Investment in debt instruments	12,989	-	-	12,989
Total	$ 49,401	$ -	$ 156,763	$ 206,164
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
- Domestic listed private placement stock	$ -	$ 184,150	$ -	$ 184,150
- Domestic unlisted (non-OTC) stocks	-	-	325,229	325,229
Total	$ -	$ 184,150	$ 325,229	$ 509,379

There were no transfers between Levels 1 and 2 fair value measurement for 2022 and 2021.

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

Categories of financial instruments	Valuation techniques and inputs
Domestic listed stocks - private placement stocks	The fair value of a financial asset was estimated based on the observable stock prices and considered illiquidity discount at the end of the period.

(3) Valuation techniques and inputs measured at Level 3 fair value

There were no unlisted (non-OTC) stock in the active market or co-construction investment equity; thus, appraisal was conducted based on the asset-based approach, the market approach, and the income approach.

The asset-based approach is to appraise the fair value mainly based on the net asset value after the independent expert's fair value measurement. The unobservable inputs adopted by the Group are liquidity discount and non-controlling Interests to appraise the fair value.

The market approach is 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.

The income approach refers to the present value converted by independent experts according to the future benefit flow to appraise the fair value mainly. The unobservable inputs adopted by the Group are liquidity discount and non-controlling Interests to appraise the fair value.

(III) Classification of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss	$ 418,564	$ 206,164
Financial assets at amortized cost (Note 1)	5,917,996	4,884,114
Investments in equity instruments measured at FVTOCI	638,966	509,379
Financial liabilities		
Measured at amortized cost (Note 2)	15,704,102	11,916,800

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

Note 2. Balance refers to financial liabilities measured at amortized cost, including short-term borrowings, short-term notes and bills payable, notes and accounts payable, other payable, long-term liabilities due within one year, long-term borrowings, and guarantee deposits received.

(IV) Objectives and policies of financial risk management

The main financial instruments of the Group currently include equity instrument investments, notes and accounts receivable, other receivables, notes and accounts 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 risk), 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. Market risk

   The Group's activities expose it primarily to the financial risks of changes in exchange rates (see (1) below) and the changes in prices (see (2) below). Market risk in relation to the Group's financial instruments and its management and measurement approaches remain unchanged.

   (1) Interest rate risk

   Interest rate risk was generated due to the entities of the Group borrows funds at both fixed and floating interest rates. However, the Group regularly evaluates hedging activities to make them consistent with the views of interest rate and inherent risk appetite, and therefore the most cost-effective hedging strategies are ensured to be adopted.

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

	December 31, 2022	December 31, 2021
Interest rate risks with fair value		
- Financial assets	$ 70,000	$ 140,207
- Financial liabilities	2,876,703	2,277,685
Interest rate risks with cash flow		
- Financial assets	4,409,104	3,232,031
- Financial liabilities	14,033,670	10,541,545

   Sensitivity analysis

   The management has adjusted the sensitivity rate for assessing interest rate risk from 0.5% to 1% in this period after considering the impact of financial market fluctuations on interest rates in 2022.

If interest rates increase/decrease by 1%, with all other variables being held equal, the Group's net profit before tax for 2022 and 2021 will decrease/increase by NT$96,246 thousand and NT$73,095 thousand, respectively, which is mainly due to the net impact of changes in interest income and expenses on the Group's bank deposits and loans with floating rates.

(2) Price risk

The Group's equity price risk mainly comes from two types, (1) investment in Financial assets at fair value through other comprehensive income (mainly investing in domestic company stocks). This equity investment is not held for trading but is a strategic investment. The Group is not actively trading these investments (2) Investments in financial assets at fair value through profit and loss (mainly investments in domestic company stocks, financial assets at fair value through profit and loss , bond investment instruments and fund beneficiary certificates). The Group manages this exposure by maintaining a portfolio of investments with different risks, and the investment in equity instruments must be approved by the management of the Group before it can be processed.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to equity price risk at the balance sheet date.

If the price increased/ decreased by 5%, income before tax for the years ended December 31, 2022 and 2021 would have increased/ decreased by $20,928 thousand and $10,308 thousand, respectively, due to changes in the fair value of financial assets at fair value through profit or loss. The other comprehensive income would have increased/decreased by NT$31,948thousand and NT$25,469 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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 singular transaction counterparty or any combination of transaction counterparties of similar characteristics. Where the parties in transactions are affiliated companies, the Group defines them as transaction counterparties of similar characteristics.

3. 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.

(1) Liquidity of non-derivative financial liabilities and the interest risk table

The following table provide maturity analysis of non-derivative financial liabilities for which repayment dates have been agreed upon. The 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.

December 31, 2022

	Less than 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 1,332,584	$ -	$ -
Lease liabilities	48,887	609,843	3,473,661
Liabilities with floating interest rates	5,562,955	8,610,443	484,466
Liabilities with fixed rates	338,535	-	-
	$ 7,282,961	$ 9,220,286	$ 3,958,127

December 31, 2021

	Less than 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 1,186,689	$ -	$ -
Lease liabilities	33,311	578,401	2,803,587
Liabilities with floating interest rates	2,604,024	8,361,494	-
Liabilities with fixed rates	188,066	-	-
	$ 4,012,090	$ 8,939,895	$ 2,803,587

(2) Credit limit

	December 31, 2022	December 31, 2021
Credit drawdowns	$ 14,371,670	$ 10,729,545
Credit unused	9,130,557	7,704,122
	$ 23,502,227	$ 18,433,667

XXIII. Related-party transactions

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.

(I) The name and relation of related parties

Name of related party	Relationship with the Group
Haiyue Advertising Co., Ltd.	Related party in substance
Haihua Advertising Co., Ltd.	Related party in substance
Haijia Advertising Co., Ltd.	Related party in substance
Mega Building Development Co., Ltd.	Related party in substance
Hi-Yes Real Estate Development Co., Ltd.	Related party in substance
Sea Heart Investments Limited	Related party in substance
Higo Digital Co., Ltd.	Related party in substance
JP Vendome Co., Ltd.	Associates

(II) Operating revenue

Accounting item	Category of related parties	2022	2021
Service revenue	Related party in substance	$ 31,680	$ 85,451

(III) Operating costs

Accounting item	Category of related parties	2022	2021
Cost of services	Related party in substance	$ 4,466	$ 5,755
	Associates	420	135
		$ 4,886	$ 5,890

(IV) Receivables from related parties

Accounting item	Category of related parties	December 31, 2022	December 31, 2021
Notes and accounts receivable	Related party in substance	$ 66	$ 32,170

The outstanding amount of receivables - related parties is not guaranteed. There is no impairment of accounts receivable from related parties in 2022 and 2021, thus no allowances for loss has been made.

(V) Other related party transactions

Accounting item	Category of related parties	2022	2021
Rent expenses	Related party in substance	$ 5,086	$ 5,434

Lease expenses are in line with the general market level and the rent is paid on a monthly basis.

(VI) Compensation for Key Management Personnel

	2022	2021
Short-term employee benefits	$ 27,618	$ 60,219
Post-employment benefits	290	216
	$ 27,908	$ 60,435

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

XXIV. Pledged assets

The following assets have been provided as the collateral for borrowings:

	December 31, 2022	December 31, 2021
Inventories (applicable to the construction industry)	$ 11,857,293	$ 9,809,430
Superficies (recognized under investment properties)	4,077,850	3,750,736
Reserve account and trust account (recognized under financial assets measured at amortized cost)	688,477	413,961
Pledged time deposit certificates (recognized under financial assets measured at amortized cost)	40,000	140,207
Private placement stock (recorded as financial assets at fair value through profit or loss)	225,290	-
Private placement stock (recorded as financial assets at fair value through other comprehensive income)	175,260	-
	$ 17,064,170	$ 14,114,334

XXV. Significant Contingent Liabilities and Unrecognized Contract Commitments

The Company's subsidiary Jin Yutai Co., Ltd. has been filed a civil lawsuit by the other party for its outstanding debts from 2019 to 2021. The case is still under trial, but the management has adopted the best estimate for assessment.

XXVI. Segment information

The Group has two reporting segments: the agency sales segment of real estate, and the construction segment, in which the former engages into the brokerage of real estate sales. The construction segment engages in operation and construction of residential houses, sales of real estate and other related businesses.

(I) Segment income and operation results

The revenue and operating results from the Group's continuing operations reported by the segment were analyzed as follows:

2022

	Agency sales segment of real estate	Development business unit	Total
Revenue from external clients	$ 5,040,342	$ 51,935	$ 5,092,277
Inter-segment income	56,190	-	56,190
Segment income	$ 5,096,532	$ 51,935	$ 5,148,467
Eliminations			(56,190)
Consolidated revenue			5,092,277
Segment income or loss	$ 2,268,942	$ 11,752	2,280,694
Operating expenses			(682,014)
Non-operating income and expenses			(311,887)
Net income before tax			$ 1,286,793

2021

	Agency sales segment of real estate	Development business unit	Total
Revenue from external clients	$ 5,250,593	$ 1,105,741	$ 6,356,334
Inter-segment income	161,875	-	161,875
Segment income	$ 5,412,468	$ 1,105,741	$ 6,518,209
Eliminations			(161,875)
Consolidated revenue			6,356,334
Segment income or loss	$ 3,102,503	$ 146,701	3,249,204
Operating expenses			(832,683)
Non-operating income and expenses			(114,920)
Net income before tax			$ 2,301,601

Segment profit represented the profit before tax earned by each segment without the headquarters management costs and directors' remuneration that should be allocated, the share of profit (loss) of associates, lease income, interest income, gain (loss) on disposal of investment, foreign exchange net losses, gain (loss) arising from the valuation of financial instruments, financing costs, and income tax expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(II) Total assets and liabilities of segments and other segment information

When the Group makes disclosure of measured amount of the total assets and liabilities of segments, and other segment information, such information is not provided to operation decision makers. As a result, such information will not be disclosed.

XXVII. Separately disclosed items

(I) Information on significant transactions and (II) invested companies is as follows:

1. Lending of funds to others: None.
2. Endorsement/Guarantee provided for others: Table 1.
3. Marketable securities held at end of period (excluding investment in subsidiaries, associates and joint controlled entities): Table 2.
4. Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital: Table 3.
5. Acquisition of real estate at prices of at least NT$300 million or 20% of the paid-in capital: Table 4.
6. Disposal of real estate at price in excess of NT$300 million or 20% of the paid-in capital: None.
7. Purchases or sales to related parties of at least NT$100 million or 20% of paid-in capital: None.
8. Accounts receivable from related parties equal to or in excess of NT$100 million or 20% of paid-in capital: None.
9. Derivative financial instrument transactions: None.
10. Others: Business relations between the parent company and subsidiaries, important conditions and amounts: Table 5.
11. Information on investees: Table 6.

(III) Mainland China investments: None.

(IV) Information on substantial shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%. Table 7

Hi-Yes International Co., Ltd. and its Subsidiaries

Endorsement/Guarantee Provided for Others

2022

Table 1

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Name of Endorsement/ Guarantee Provider	Party Endorsed/Guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum Balance for this Period	Outstanding Endorsement/ Guarantee at the End of the Period	Amount Actually Drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum endorsement/ guarantee amount allowable (Note 3)	Guarantee Provided by Parent Company to a Subsidiary	Guarantee Provided by a Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China	Remarks
		Company Name	Relationship (Note 1)											
1	The Company	Hi-Yes Construction Co., Ltd.	2	$ 11,606,856	$ 1,424,277	$ 1,424,277	$ 122,800	$ -	24.54%	$ 11,606,856	Y	N	N	—
2	The Company	Haixin International Co., Ltd.	2	5,803,428	629,400	474,400	300,000	-	8.17%	11,606,856	Y	N	N	—
3	The Company	Haiju Development Co., Ltd.	2	5,803,428	700,000	500,000	450,000	-	8.62%	11,606,856	Y	N	N	—
4	The Company	Hiyu International Co., Ltd.	2	5,803,428	880,000	650,000	550,000	-	11.20%	11,606,856	Y	N	N	—
5	The Company	Haiyan Construction Co., Ltd.	2	5,803,428	779,600	729,600	150,000	-	12.57%	11,606,856	Y	N	N	—
6	The Company	Yueda Construction Co., Ltd.	2	5,803,428	200,000	100,000	-	-	1.72%	11,606,856	Y	N	N	—
7	The Company	Jin Yutai Co., Ltd.	2	5,803,428	722,120	722,120	722,120	-	12.44%	11,606,856	Y	N	N	—
8	Haiyan Construction Co., Ltd.	The Company	3	5,803,428	414,000	414,000	396,000	-	7.13%	11,606,856	N	Y	N	—
9	Haiju Development Co., Ltd.	Hi-Yes Construction Co., Ltd.	1	5,803,428	669,000	669,000	-	-	11.53%	11,606,856	N	N	N	—

Note 1. Listed below are the 3 types of companies to which the Company may provide endorsement/guarantee:

(1) Companies with which the Company conducts business.

(2) Companies that the Company holds more than 50% of ordinary equity directly or indirectly.

(3) Companies that the Company holds more than 50% of ordinary equity directly or indirectly.

Note 2. Limits on Endorsement/ Guarantee Made for Each Party are as below:

(1) 100% of the net worth as stated in its latest financial statement audited or reviewed by an accountant for subsidiaries in which the Company holds no more than 90% of the ordinary shares: NT$5,803,428 thousand*100% = NT$5,803,428 thousand.

(2) 200% of the net worth as stated in its latest financial statement audited or reviewed by an accountant for subsidiaries in which the Company holds no more than 90% of the ordinary shares: NT$5,803,428 thousand*200% = NT$11,606,856 thousand.

Note 3. Maximum amount of endorsements/guarantees is 200% of the net value as stated in its latest financial statements audited or reviewed by an accountant: NT$5,803,428 thousand*200% = NT$11,606,856 thousand.

Hi-Yes International Co., Ltd. and its Subsidiaries

Marketable securities held at the end of the period

December 31, 2022

Table 2

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Holding Company Name	Type and name of securities	Relationship with the issuer of the securities	Financial statement account	End of the period				Remarks
				Number of Shares/Unit (thousand shares/thousand units)	Carrying amount	Percentage of shares (%)	Fair value	
The Company	Listed (OTC) stocks							
	Huangpu Construction Co., Ltd.	N/A	Financial assets at fair value through profit or loss - non-current	100	$ 1,600	0.03	$ 1,600	–
	Private placement stock of Huangpu Construction Co., Ltd.	N/A	Same as above	8,620	110,336	2.27	110,336	–
	Private placement stock of Delpha Construction Co.,Ltd.	N/A	Same as above	8,330	114,954	0.99	114,954	–
	iCatch Technology, Inc.	N/A	Same as above	299	11,960	0.31	11,960	–
	Unlisted (non-OTC) stocks							
	Taiwan Leader Biotech Corp	N/A	Same as above	662	-	1.34	-	–
	Zanfu Construction Co., Ltd.	N/A	Same as above	173	3,981	10.53	3,981	–
	Listed (OTC) stocks							
	Private placement stock of Delpha Construction Co.,Ltd.	N/A	Financial assets at fair value through profit or loss - non-current	12,700	175,260	1.51	175,260	–
	Emerging stocks							
	eChem Solutions Corp.	N/A	Same as above	418	80,584	0.51	80,584	–
	Unlisted (non-OTC) stocks							
	Dushanlin Development Co., Ltd.	N/A	Same as above	4,800	160,272	10.00	160,272	–
	Mega Building Development Co., Ltd.	Related party in substance	Same as above	650	6,923	13.00	6,923	–
	Preferred shares of Mega Building Development Co., Ltd.	Related party in substance	Same as above	12,844	90,807	15.86	90,807	–
	Preferred share - Class A of Xiang Tian Construction Co., Ltd.	N/A	Same as above	6,353	59,006	71.76	59,006	–
	Preferred share - Class C of Xiang Tian Construction Co., Ltd.	N/A	Same as above	4,030	35,483	100.00	35,483	–
	Financing bonds							
	US dollar bond issued by ANZ	N/A	Financial assets at fair value through profit or loss - non-current	-	12,657	-	12,657	–
	Funds							
	Yuanta 0-2 Year(s) Investment Grade Bonds	N/A	Same as above	-	6,158	-	6,158	–
	Co-construction investment equity	N/A	Same as above	-	156,918	-	156,918	–
Haihui Construction Co., Ltd.	Emerging stocks							
	Chyunn Environment Corporation	N/A	Financial assets at fair value through profit or loss - non-current	978	30,631	4.89	30,631	–

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. Please refer to Table 6 for the relevant information of investment subsidiaries and associates.

Hi-Yes International Co., Ltd. and its Subsidiaries

Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital

2022

Table 3

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Companies which call and put	Type and name of securities	Financial statement account	Counterparty	Relationship	Opening		Call		Put				End of the period	
					Number of Shares (In Thousand Shares)	Amount	Number of Shares (In Thousand Shares)	Amount	Number of Shares (In Thousand Shares)	Selling price	Carrying cost	Profit or loss from disposal	Number of Shares (In Thousand Shares) (Note 2)	Amount (Note 2)
The Company	Jin Yutai Co., Ltd.	Investments Using the Equity Method	(Note 1)	-	80,363	$ 436,225	34,826	$ 348,255	-	$ -	$ -	$ -	115,189	$ 635,682

Note 1. It refers to the ordinary shares of Jin Yutai Co., Ltd. acquired from the participation in the cash increment proposal of Jin Yutai Co., Ltd. Limited.

Note 2. End balance includes adjustment of investment accounted for using equity method.

Hi-Yes International Co., Ltd. and its Subsidiaries

Acquisition of real estate at cost in excess of NT$300 million or 20% of paid-in capital

2022

Table 4

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company that acquired the real estate	Name of property	Date of occurrence	Transaction amount	Payment status	Counterparty	Relationship	Where counterparty is a related person, the data on previous transfer				Basis or reference used in setting the price	Purpose of acquisition and usage	Other commitments
							All parties	Relationship with the issuer	Date of transfer	Amount			
Hi-Yes International Co., Ltd.	Land on Letian Section, Nantun District, Taichung City	2021/3/24	$ 451,382	Performed in accordance with the payment terms stipulated in the contract, where NT$90,276 thousand has currently been paid	Natural person	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	N/A
Haixin International Co., Ltd.	Land on Letian Section, Nantun District, Taichung City	2021/3/24	190,593	Performed in accordance with the payment terms stipulated in the contract, where NT$38,119 thousand has currently been paid	Natural person	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	N/A
Hi-Yes Construction Co., Ltd.	Land in Huilaicuo Section, Xitun District, Taichung	2021/10/08	422,314	Fully repaid in accordance with the terms and conditions of the contract.	Tairi Development Industrial Co., Ltd., Natural person	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	N/A

Note 1. If the asset acquired is required to be appraised, the appraisal result shall be indicated on 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 its Subsidiaries

Business relationships, major transactions, and amount between the parent company and subsidiaries

2022

Table 5

Unit: NT$ thousand

No. (Note 1)	Name of trader	Name of transaction counterparty	Relationship with counterparty (Note)	Detail of transaction			
				Account	Amount	Terms of transaction	Ratio in consolidated total revenue or total assets
0	The Company	Hiyu International Co., Ltd.	1	Incremental costs of obtaining contracts	$ 86,360	—	-
		Haiju Development Co., Ltd.	1	Incremental costs of obtaining contracts	38,276	—	-
		Haiyan Construction Co., Ltd.	1	Operating revenue	18,654	—	-
		Hi-Yes Construction Co., Ltd.	1	Operating revenue	10,545	—	-
				Accounts receivables	6,288	—	-
1	Hiyu International Co., Ltd.	Hi-Yes International Co., Ltd.	2	Operating revenue	5,809	—	-
2	Hi-Yes Construction Co., Ltd.	Hi-Yes International Co., Ltd.	2	Incremental costs of obtaining contracts	10,545	—	-
				Accounts payable	5,536	—	-
		Hiyu International Co., Ltd.	3	Incremental costs of obtaining contracts	52,786	—	-
3	Haiju Development Co., Ltd.	Hi-Yes International Co., Ltd.	2	Operating revenue	15,575	—	-
4	Haiyan Construction Co., Ltd.	Hi-Yes International Co., Ltd.	2	Incremental costs of obtaining contracts	65,992	—	-

Note 1.

1. Parent company to subsidiaries.
2. Subsidiary to parent company.
3. Between subsidiaries.

Note 2. Major transactions in this table refer to transactions with transaction amount exceeding NT$5,000 thousand.

Hi-Yes International Co., Ltd. and its Subsidiaries

Name of the invested company, location... and other related information

2022

Table 6

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Investor	Name of investees	Location	Main Business Items	Original investment amount		Hold at End of Period			Profit or loss of investee for this period	Recognized investment profit (loss) for this period	Remarks
				End of the period	End of last year	Number of shares (in shares)	(%)	Carrying amount			
The Company	Hi-Yes Construction Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	$ 1,010,000	$ 410,000	101,000,000	100.00	$ 950,445	($ 5,508)	($ 5,508)	Subsidiary
	Haixia Construction Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	153,000	43,000	15,300,000	100.00	146,659	(4,641)	(4,641)	Subsidiary
	Haixin International Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	25,500	2,550,000	85.00	295,849	6,919	5,881	Subsidiary
	Haiyan Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	35,000	35,000	3,500,000	70.00	(75,776)	(21,498)	(15,049)	Subsidiary
	Haiju Development Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	25,500	2,550,000	85.00	672,568	341,031	289,877	Subsidiary
	Haihui Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	50,000	50,000	5,000,000	100.00	40,204	(1,578)	(1,578)	Subsidiary
	Hiyu International Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	25,500	25,500	2,550,000	85.00	491,300	263,475	223,954	Subsidiary
	NanYue Construction Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	67,500	37,500	6,750,000	75.00	57,242	(10,000)	(7,500)	Subsidiary
	Jin Yutai Co., Ltd.	Taiwan	Operation of urban renewal and reconstruction business and residential houses, and development and lease of buildings	835,216	486,961	115,189,171	53.58	635,682	(230,303)	(116,459)	Subsidiary
	JP Vendome Co., Ltd.	Taiwan	Wholesale trading of photographic equipment and electronic materials	4,500	4,500	450,000	30.00	4,289	250	-	Associates
	Liansheng Investment Co., Ltd.	Taiwan	General investment	60,000	60,000	6,000,000	20.00	73,560	(3)	20,919	Associates
	Shenghua Development Co., Ltd.	Taiwan	Development and leasing of residences and office complexes	60,000	40,000	60,000	20.00	60,000	(556)	-	Associates
Haixia Construction Co., Ltd.	Yueda Construction Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	143,000	33,000	14,300,000	55.00	140,758	(7,474)	(4,111)	Subsidiary
Yueda Construction Co., Ltd.	Hongsheng Real Estate Co., Ltd.	Taiwan	Property trading and leasing as well as office complex development and leasing	32,000	32,000	3,200,000	32.00	33,160	1,892	469	Associates
Hi-Yes Construction Co., Ltd.	Smart Built Construction Technology Co., Ltd.	Taiwan	Comprehensive construction industry	55,000	-	5,000,000	30.03	54,951	(163)	(49)	Associates

Hi-Yes International Co., Ltd.

Information on Major Shareholders

December 31, 2022

Table 7

Major Shareholder's Name	Shareholding	
	Number of Shares Held	%
Fuyue Investment Co., Ltd.	25,514,000 shares	17.34%
Huang, Hsi-Wen	15,710,090 shares	10.67%
Wang, Chun-Chieh	10,122,410 shares	6.88%
Tseng, Chun-Sheng	7,954,210 shares	5.40%

Note: The substantial shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of the current quarter calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded 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.