Stock code: 2530

Delpha Construction Co., Ltd.
Parent Company Only Financial Statements
For the Years Ended December 31, 2019 and 2018
Together with Independent Auditors' Report

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Delpha Construction Co., Ltd.

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Independent Auditors' Report

Delpha Construction Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Delpha Construction Co., Ltd. (the "Company") and its subsidiaries (collectively referred as the "Group") as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the **Independent auditors' responsibilities for the audit of the consolidated financial statements** section of our report. We are independent of the Group in accordance with the Code of professional Ethics for Certificate Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with this Code. Based on our audits, we believe that our audits provide a reasonable basis for our opinion.

Independent Auditors' Report (Continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. We determined the key audit matters should be communicated in our audit report are as follows:

Evaluation of inventories

Please refer to Note 4(12) to the parent company only financial statements for the accounting policies of evaluation of inventories; refer to Note 5(2) to the parent company only financial statements for the accounting estimates and assumptions of the evaluation of inventories; and please refer to Note 6(6) to the parent company only financial statements for the details description of inventories account.

The inventory is an important asset of the Company's operation, which accounts for 74% of the total Company's assets. The accounting treatment for inventory evaluation is in accordance with the International Accounting Standard 2 "Inventories". The financial statements will not present fairly if the assessment of net unrealized value of inventories is inappropriate. Therefore, we considered the evaluation of inventories as one of the key audit matters for the year.

Our audit procedures included, but not limited to, by referencing to the total transaction price registered in the Ministry of the Interior's real estate transaction database, the average selling price converted into the net realized value of the lands and buildings for sale to assess whether there is a significant difference. And to obtain the valuation report issued by the appraiser or by referencing to the present value of land announced by the Ministry of the Interior to assess whether there is a significant difference between the construction land and the construction

Independent Auditors' Report (Continued)

in progress; and for the valuation report issued by the appraiser, to assess the rationality of the basic assumptions and expert qualifications such as the percentage of factor adjustment, the direct and indirect costs of the development period, the integrated capital interest rates, etc.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charges with governance, including members of the Audit Committee are responsible for overseeing the Company's financial reporting process.

Independent Auditors' Report (Continued)

Independent auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report (Continued)

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the footnote disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentations.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the Company's investee companies accounted for under equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of audit of the Company's investee companies. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Kuang-Hui   Yao Yu Lin

Chen, Kuang- Hui   Yao, Yu-Lin

For and on behalf of ShineWing CPAs
March 27, 2020
Taipei, Taiwan
Republic of China

<u>Notice to Readers</u>

The accompanying financial statements are not intended to present the financial position, results of financial operations and cash flows in accordance with accounting principles and practice generally accepted in countries and jurisdictions other than the Republic of China. The standard, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the parent only financial statements are the responsibility of the management, ShineWing CPAs cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Delpha Construction Co., Ltd.
Parent company only balance sheets
December 31, 2019 and 2018
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019	%	December 31, 2018	%
Current assets					
Cash and cash equivalents	6.(1)	$ 101,078	3	$ 341,027	8
Financial assets at fair value through profit or loss	6.(2)	58,249	1	49,479	1
Notes receivable, net	6.(4)	18	-	54	-
Other receivables	6.(5)	39,438	1	615	-
Current income tax assets		360	-	93	-
Inventories	6.(6) and 8	3,100,417	74	3,042,034	73
Prepayments		148,070	4	55,138	2
Other financial assets	6.(7) and 8	267,194	6	203,048	5
		3,714,824	89	3,691,488	89
Non-current assets					
Financial assets at fair value through other comprehensive income	6.(3)	3,759	-	4,707	-
Investments accounted for under equity method	6.(8)	356,278	9	389,603	9
Property, plant and equipment	6.(9) and 8	57,435	1	58,845	2
Right–of–use asset	6.(10)	606	-	-	-
Refundable deposits	7	31,167	1	13,251	-
Other non-current assets	7	5,552	-	1,730	-
		454,797	11	468,136	11
Total assets		$ 4,169,621	100	$ 4,159,624	100

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Delpha Construction Co., Ltd.
Parent company only balance sheets
December 31, 2019 and 2018
(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

		December 31,			
Liabilities and equity	Notes	2019	%	2018	%
Current liabilities					
Short-term borrowings	6.(13) and 8	$ 282,000	7	$ -	-
Short-term notes and bills payable	6.(14) and 8	-	-	319,983	8
Contract liabiliaties	6.(22)	187,130	5	2,000	-
Notes payable	6.(15)	-	-	1,647	-
Accounts payable	6.(15)	20,486	-	20,357	1
Other payables		14,627	-	11,238	-
Provisions for liabilities	6.(18)	644	-	622	-
Current lease liabilities		600	-	-	-
Receipts in advances	7	26,387	1	26,438	1
Long-term borrowings - current portion	6.(16) and 8	513,000	12	513,000	12
Other current liabilities		257	-	249	-
		1,045,131	25	895,534	22
Non-current liabilities					
Net defined benefit liabilities - non-current	6.(17)	2,147	-	10,382	-
Guarantee deposits		9,305	-	9,305	-
		11,452	-	19,687	-
Total liabilities		1,056,583	25	915,221	22
Equity					
Common stock	6.(19)	2,707,525	65	2,707,525	65
Capital surplus	6.(20)	9,141	-	9,240	-
Retained earnings:	6.(21)				
Legal reserve		237,247	6	234,560	6
Special reserve		24,199	1	18,758	-
Unappropriated earnings		138,715	3	307,403	8
Other equity interest		(3,789)	-	(5,322)	-
Treasury stock	6.(19)	-	-	(27,761)	(1)
Total equity		3,113,038	75	3,244,403	78
Total liabilities and equity		$ 4,169,621	100	$ 4,159,624	100

The accompanying notes are an integral part of the parent company only financial statements.

Delpha Construction Co., Ltd.
Parent company only statement of comprehensive income
For the years ended December 31, 2019 and 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31, 2019	%	2018	%
Revenue	6.(22) and 7	$ 3,069	100	$ 1,201,069	100
Cost of revenue	6.(6)	(1,905)	(62)	(1,009,012)	(84)
Gross profit		1,164	38	192,057	16
Operating expenses					
Selling expenses	6.(25)	(1,883)	(61)	(41,204)	(3)
General & administrative expenses	6.(25)	(65,587)	(2,137)	(80,904)	(7)
		(67,470)	(2,198)	(122,108)	(10)
Income (loss) from operations		(66,306)	(2,160)	69,949	6
Non-operating income and expenses					
Other income	6.(23)	8,589	280	11,767	1
Other gains and losses	6.(24)	6,767	220	(14,369)	(1)
Finance costs	6.(27)	(8,052)	(262)	(15,935)	(1)
Share of loss of subsidiaries, affiliates and joint ventures accounted for under equity method		(9,694)	(316)	(9,973)	(1)
		(2,390)	(78)	(28,510)	(2)
Income (loss) before income tax		(68,696)	(2,238)	41,439	4
Income tax expense	6.(28)	-	-	(14,565)	(2)
Net income (loss) for the year		(68,696)	(2,238)	26,874	2
Other comprehensive income					
Component of other comprehensive income that will not be reclassified to profit or loss					
Remeasurement of defined benefit obligation		1,666	54	(95)	-
Unrealized loss on valuation of investments in equity instruments at fair value through other comprehensive income		1,334	43	(478)	-
Income tax expenses related to components that will not be reclassified to profit or loss		-	-	-	-
Total other comprehensive income (loss) for the year		3,000	97	(573)	-
Total comprehensive income (loss) for the year		($ 65,696)	(2,141)	$ 26,301	2
Earnings per share (In New Taiwan dollars)	6.(29)				
Basic earnings per share		($ 0.25)		$ 0.1	
Diluted earnings per share				$ 0.1	

The accompanying notes are an integral part of the parent company only financial statements.

Delpha Construction Co., Ltd.
Parent company only statement of changes in equity

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Other equity interest: Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Treasury stock	Total equity
Balance, January 1, 2018	$ 2,707,525	$ 8,929	$ 234,560	$ 16,570	$ 276,840	$ -	($ 35,955)	$ 3,208,469
Effects of retrospective application restatement	-	-	-	4,844	1,128	(4,844)	-	1,128
Balance, January 1, 2018, as restated	2,707,525	8,929	234,560	21,414	277,968	(4,844)	(35,955)	3,209,597
Appropriation of prior year's earnings:								
Reversal of special capital reserve	-	-	-	(2,656)	2,656	-	-	-
Expired and unclaimed dividend transfer to legal reserve	-	162	-	-	-	-	-	162
Disposal of parent company's shares deemed as treasury stock transaction by a subsidiary	-	149	-	-	-	-	8,194	8,343
	2,707,525	9,240	234,560	18,758	280,624	(4,844)	(27,761)	3,218,102
Net income for the year	-	-	-	-	26,874	-	-	26,874
Other comprehensive loss for the year	-	-	-	-	(95)	(478)	-	(573)
Total other comprehensive income (loss) for the year	-	-	-	-	26,779	(478)	-	26,301
Balance, December 31, 2018	2,707,525	9,240	234,560	18,758	307,403	(5,322)	(27,761)	3,244,403
Appropriation of prior year's earnings:								
Special capital reserve	-	-	-	5,441	(5,441)	-	-	-
Legal reserve	-	-	2,687	-	(2,687)	-	-	-
Cash dividends	-	-	-	-	(81,225)	-	-	(81,225)
Expired and unclaimed dividend transfer to legal reserve	-	50	-	-	-	-	-	50
Disposal of parent company's shares deemed as treasury stock transaction by a subsidiary	-	(149)	-	-	(12,106)	-	27,761	15,506
Changes in ownership interests of subsidiaries	-	-	-	-	(199)	199	-	-
	2,707,525	9,141	237,247	24,199	205,745	(5,123)	-	3,178,734
Net loss for the year	-	-	-	-	(68,696)	-	-	(68,696)
Other comprehensive income for the year	-	-	-	-	1,666	1,334	-	3,000
Total other comprehensive income (loss) for the year	-	-	-	-	(67,030)	1,334	-	(65,696)
Balance, December 31, 2019	$ 2,707,525	$ 9,141	$ 237,247	$ 24,199	$ 138,715	($ 3,789)	$ -	$ 3,113,038

The accompanying notes are an integral part of the parent company only financial statements.

Delpha Construction Co., Ltd.
Parent company only statement of cash flows

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cash flows from operating activities		
Income (loss) before income tax for the year	($ 68,696)	$ 41,439
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation	2,721	2,312
Gain from lease modification	(1)	-
Interest income	(4,652)	(3,566)
Dividend income	-	(188)
Interest expense	8,052	15,935
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	9,694	9,973
Gain on foreign exchange, net	(1,018)	(3,442)
Loss on disposal of investments	133	-
Changes in operating assets and liabilities		
Increase in financial assets at fair value through profit	(8,770)	(40,353)
Decrease in notes receivable	36	4,161
Decrease in other receivables	2	28,065
(Increase) decrease in inventories	(52,185)	644,250
(Increase) decrease in prepayments	(94,412)	44,617
(Increase) decrease in other financial assets	(64,146)	47,762
Increase (decrease) in contract liabilities	185,130	(46,020)
(Decrease) increase in notes payable	(209)	365
Increase (decrease) in accounts payable	129	(39,348)
Increase in other payables	3,307	1,921
Increase (decrease) in provisions for liabilities	22	(501)
Decrease in receipts in advances	(51)	(93)
Increase (decrease) in other current liabilities	8	(317)
Decrease in receipt in net defined benefit liabilities	(6,569)	(6,766)
Cash generated from (used in) operations	(91,475)	700,206
Interest received	5,138	3,040
Interest paid	(14,152)	(16,329)
Dividend received	-	188
Income taxes paid (including land value increment tax)	(267)	(18,954)
Net cash generated from (used in) operating activities	(100,756)	668,151

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Delpha Construction Co., Ltd.
Parent company only statement of cash flows

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

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	For the year ended December 31, 2019	For the year ended December 31, 2018
Cash flows from investing activities		
Refund of capital from financial assets at fair value through other comprehensive income after capital reduction	1,975	1,561
Acquisition of property, plant and equipment	(208)	-
(Increase) decrease in refundable deposits	(17,916)	39
Increase in other non–current assets	(3,822)	-
Net cash generated from (used in) investing activities	(19,971)	1,600
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	282,000	(511,057)
Decrease in short-term notes and bills payable	(319,983)	(79,980)
Payments of lease liability	(1,082)	-
Expired and unclaimed dividend transfer to legal reserve	50	162
Payment of cash divided	(81,225)	-
Net cash used in financing activities	(120,240)	(590,875)
Effect of exchange rate changes on cash and cash equivalents	1,018	3,442
(Decrease) increase in cash and cash equivalents	(239,949)	82,318
Cash and cash equivalents at beginning of year	341,027	258,709
Cash and cash equivalents at end of year	$ 101,078	$ 341,027

The accompanying notes are an integral part of the parent company only financial statements.

Delpha Construction Co., Ltd.
Notes to the parent company only financial statements
(Expressed in thousands of New Taiwan dollars, except as otherwise specified)

1. History and organization

Delpha Construction Co., Ltd. (the ″Company″) was incorporated under the provisions of the Company Law of the Republic of China (“ROC”) and approved by Ministry of Economic Affairs in December 1960. The registered address is 16F., No. 460, Sec. 5, Chenggong Rd., Neihu Dist., Taipei City 11490, Taiwan, ROC. The Company primarily engaged in commercial building constructed by commissioned construction contractor, selling and leasing public housing, development of special area, upholstery industry, real estate agency, rental and investment in related business.

2. The date of authorization for issuance of the parent company only financial statements and procedures for authorization

The financial statements were approved and authorized for issuance by the Board of Directors on March 27, 2020.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IAS”) and interpretations as endorsed by the Financial Supervisory Commission (“FSC”).

A. IFRSs, IAS and interpretations endorsed by the FSC effective from 2019 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Prepayment Features with Negative Compensation (amendments to IFRS 9)	This amendment proposes a narrow amendments to the financial assets with prepayment options on determining whether the contractual cash flows are solely for the payment of principal and interest. When the repayment amount includes a reasonable compensation (even if it is a negative compensation) for early termination of the contract and also meet the condition as of contractual cash flow are solely for the payment of principal and interest. In the basis for conclusions, the amendment also contain a clarification regarding the financial liabilities should be consistent with financial assets. When the modification of the contractual conditions does not result in the derecognition of the financial liabilities, the gains or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate should be recognized to profit or loss.	January 1, 2019
IFRS 16 'Lease'	This new standard requires the lessee to take a single accounting model for all leases except for certain exemption conditions, which requires lessees to recognize assets and liabilities for most leases. Lessors continue to classify leases as operating or finance.	January 1, 2019

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Plan Amendment, Curtailment or Settlement (amendment to IAS 19)	The amendments require a company to use the updated actuarial assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the defined benefit plan.	January 1, 2019
Long-term Interests in Associates and Joint Ventures (amendment to IAS 28)	The amendments clarify that an entity shall first apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture, and then apply the relevant provisions of loss recognition with IFRS 28.	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	The interpretation is to clarify how an entity should determinate the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under the provisions of IAS 12 to recognize and measure its current and deferred income tax assets/liabilities.	January 1, 2019

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Annual Improvements to IFRS Standards 2015–2017 Cycle	IFRS 3 'Business Combinations' The amendments is to clarify that when an entity obtains control of a business that is a joint operation, the acquirer should remeasure its previously held interest in the joint operation at fair value at of the acquisition date. IFRS 11 'Joint Arrangements' The amendments is to clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in the joint operation. IAS 12 'Income Taxes' The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. These requirements apply to all income tax consequences of dividends. IAS 23 'Borrowing Costs' The amendments clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.	January 1, 2019

B. Effect of initial application to International Financial Reporting Standard No. 16 "Lease"(hereinafter referred to as "IFRS 16")

(1) IFRS 16, 'Leases' replaces International Accounting Standard No. 17, 'Leases' (hereinafter referred to as "IAS 17"). The Company has elected to apply IFRS 16 by not restating the comparative information when applying IFRS 16. As a lessee, the lease contract increased the right-of-use asset by $1,396 thousand and the lease liabilities by $1,354 thousand on January 1, 2019, and reduced the prepayments by $1,480 thousand and the notes payable by $1,438 thousand.

(2) The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

(A) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

(B) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(C) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

(3) The Company calculated the present value of lease liabilities by using the incremental borrowing rate, which is 1.469%.

(4) The reconciliation between operating lease commitments for the remaining lease payments under IAS 17 and lease liabilities recognized as of January 1, 2019, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing interest rate and lease liabilities recognized as of January 1, 2019 is as follows:

Balance, December 31, 2018, operating lease commitments disclosed by applying IAS 17	$	2,105
Less: exemption for short-term leases	(	199)
Less: exemption for low value assets	(	536)
Balance, January 1, 2019 Total lease contracts amount recognized as lease liabilities by applying IFRS 16	$	1,370
Incremental borrowing interest rate at the date of initial application by the Company		1.469%
Balance, January 1, 2019, lease liabilities recognized applying IFRS 16	$	1,354

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company.

A. New standards, interpretations and amendments as endorsed by the FSC effective from 2020 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Disclosure Initiative - Definition of Material (amendment to IAS 1 and IAS 8)	This amendment clarifies the definition of materiality. Information is material if omitting, misstating or obscuring could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.	January 1, 2020

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Definition of a business (amendments to IFRS 3)	This amendment clarifies the definition of the business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. To remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, add an optional concentration test for a company, when the fair value of the total assets acquired is almost from a single asset (or a group of similar assets), without further evaluation, to determine whether an acquired set of activities and assets is not a business.	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	This amendment provides certain reliefs related to regulations of hedging accounting. It will prevent those who have already adopted hedge accounting from being terminated due to interest rate benchmark reform, and will require disclosure of relevant information on the application of this relief.	January 1, 2020

B. The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

A. The Company has not yet applied the following new standards and amendments issued by IASB but not yet endorsed by the FSC:

New standards, interpretations and amendments	Main amendments	IASB effective date
Sale or Contribution of Assets Between An Investor and Its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	The amendment revised the accounting treatment in sales or purchase of assets between joint venture and its associate. The gains and losses resulting from transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognized in full in the investor's financial statements.	To be determine by IASB
IFRS 17 'Insurance Contracts'	This Standard replaces IFRS 4 'Insurance Contracts' and establishes the principles for the recognition, measurement, presentation and disclosure of Insurance and reinsurance contracts that it issues by the entities. This standard applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds; and investment contracts with discretionary participation features it issues, provided that the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations should be separated from insurance contracts. On initial recognition, Each portfolio of insurance contracts issued shall be divided into a minimum of three groups by the entities: onerous, no significant possibility of becoming onerous and the remaining contracts in the portfolio. This Standard requires a current measurement model where	January 1, 2021

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estimates are re-measured at each reporting period. Measurements are based on discounted contract and probability-weighted cash flows, risk adjustments, and the expected profit from the unearned portion of the contract (contractual service margins).
This Standard replaces IFRS 4 'Insurance Contracts' and establishes the principles for the recognition, measurement, presentation and disclosure of Insurance and reinsurance contracts that it issues by the entities. This standard applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds; and investment contracts with discretionary participation features it issues, provided that the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations should be separated from insurance contracts. On initial recognition, Each portfolio of insurance contracts issued shall be divided into a minimum of three groups by the entities: onerous, no significant possibility of becoming onerous and the remaining contracts in the portfolio. This Standard requires a current measurement model where estimates are re-measured at each reporting period. Measurements are based on discounted contract and probability-weighted cash flows, risk adjustments, and the expected profit from the unearned portion of the contract (contractual service margins).

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IFRS 17 'Insurance Contracts' (continued)	An entity may apply a simplified approach to the measurement for some of insurance contracts (premium allocation approach). The entity should recognize the revenue generated by a gourp of insurance contract during the period when the entity provides insurance coverage and when the entity releases the risk. The entity should recognize the loss immediately, if a group of insurance contracts becomes onerous. The entity should present insurance income, insurance service fees, and insurance finance income and expenses separately and its shall also disclose the amount, judgment and risk information from the insurance contract.

B. The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured by financial instruments measured at fair value and defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the accompanying parent company only financial statements have been prepared under the historical cost basis.

B. The following significant accounting policies applied consistently to all periods of coverage of the parent company only financial statements.

C. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets

(A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(B) Assets held mainly for trading purposes;

(C) Assets that are expected to be realized within twelve months from the balance sheet date; or

(D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

The Company classified its assets that do not meet above criteria as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities

(A) Liabilities that are expected to be paid off within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be paid off within twelve months from the balance sheet date; or

(D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classified its liabilities that do not meet above criteria as non-current liabilities.

C. The operating cycle of property development normally more than one year, the related assets and liabilities of construction are therefore differentiate as current liabilities and non-current liabilities based on operating cycle (normally three years).

(5) Cash and cash equivalents

A. For the purpose of the statements of cash flows, cash and cash equivalents consists of cash on hand, cash in bank, short-term, highly liquid investments, which were within three months of maturity when acquired, and repayable bank overdraft, as part of the cash management. Bank overdraft items listed under short-term borrowings in current liabilities on the balance sheet.

B. Cash equivalents refer to short-term, highly liquid investments that also meet the following conditions:

(A) Readily convertible to known amount of cash.

(B) Subject to an insignificant risk of changes in interest rates.

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

A. Financial assets that are not measured at amortized cost or measured at fair value through other comprehensive income. Financial assets measured at amortized cost or at fair value through other comprehensive income; and the Company designated the initial recognition of the financial assets measured at fair value through profit or loss when it is possible to eliminate or significantly reduce the measurement or recognition of inconsistencies.

B. The Company’s financial assets measured at fair value through profit or loss in accordance with customary transactions are accounted for using trade date.

C. The Company initially recognize the financial assets at fair value and related transaction costs are recognized in profit or loss, and subsequent fair value gains and losses are recognized in profit or loss.

D. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

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

A. An irrevocable selection at initial recognition, the changes in fair value of investments in equity instruments that are not held for trading are presented in other comprehensive income; or investments in debt instruments that meet the following conditions:

(A) Financial assets under a business model that hold for the purpose of collecting contractual cash flows and sales.

(B) The contractual terms of the financial assets generate cash flows on a specific date, which are solely for the payment of principal and interest on the outstanding principal amount.

B. The Company's financial assets at fair value through other comprehensive income in accordance with customary transactions are accounted for using trade date.

C. The recognition of the Company's financial assets initially measured at fair value plus transaction cost, and subsequently measured at fair value:

(A) Changes in fair value of equity instruments are recognized in other comprehensive income. At derecognition, the cumulative gains or losses previously recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, it will be transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(B) Changes in fair value of the debt instruments are recognized in other comprehensive income, and the impairment loss, interest income and foreign currency gains and losses are recognized in profit or loss before derecognition. At derecognition, the cumulative gains or losses previously recognized in other comprehensive income will be reclassified from equity to profit or loss.

(8) Notes and accounts receivable

A. In accordance with terms and conditions of the contracts, entitle a legal right to unconditionally receive consideration in exchange of notes and receivables for transferred goods or rendered services.

B. Short-term notes and accounts receivable without bearing interest are measured at initial invoice amount by the Company as effect of discounting is immaterial.

(9) Impairment of financial assets

On each balance sheet date, the Company's investment in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost, and accounts receivable or contractual assets, lease receivables, loan commitments and financial guarantee contracts with significant financial components, after considering all reasonable and corroborative information (including forward-looking), the loss allowance is measured on the 12-month expected credit losses for those who have not significantly increased the credit risk since the initial recognition. For those who have significantly increased the credit risk since the initial recognition, the loss allowance is measured by the expected credit losses during the period of existence; the accounts receivable or contract assets that do not contain significant financial components are measured by the lifetime expected credit loss.

(10) Derecongition of financial assets

The Company derecognizes a financial asset when:

A. The contractual rights to receive the cash flows from the financial asset expired.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Leasing arrangements as lessor - Lease receivables/lease

A. Based on the term of a lease contract, a lease is classifies as finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(A) At commencement of the lease term, a finance lease should record as a receivable, at an amount equal to the net investment (including original direct costs) in the lease. The difference between total lease receivables and present value should record as 'unearned finance lease income'.

(B) The lessor should recognize finance income based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.

(C) Associated lease payments (excluding service costs) offset the total investment in the lease during the period would reduce the principal and unearned finance income.

B. Lease income from an operating lease (net of any incentives given to lessee) is recognized in profit and loss on a straight-line basis over the lease term.

(12) Inventories

The inventories are recognized using the acquisition costs method. During the construction process, interests incurred related to acquisition and construction are capitalized. The cumulative costs are attributed to the different construction projects. The costs carry over at the balance sheet date by using floor space method and income approach. Inventories are stated at cost and evaluated at the lower of cost or net realizable value. The individual item approach is used in the comparison of cost and net realizable value and attributed to the different construction projects and categories. The interest payables associated with construction (including land and construction in progress) toward or before completion are capitalized as cost of inventories.

(13) Investments accounted for under the equity method

A. In preparing the parent company only financial statements of the Company, investee company that controlled by the Company is accounted for under the equity method.

Under equity method, profit for the year and other comprehensive income for the year reported in an entity's non-consolidated statement of comprehensive income, shall equal to profit for the year and other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's non-consolidated financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

B. The Company's changes in equity interests in subsidiaries that did not lead to loss of control, deemed as equity transactions between owners.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment, other than buildings, are 3~8 years. The estimated useful lives of buildings are 5~50 years.

(15) Leasing arrangements (lessee) - right-of-use assets/lease liabilities (Accounting policy starting from January 1, 2019)

A. Lease assets are recognized as a right-of-use asset and lease liabilities at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term.

C. At the commencement date, the right-of-use asset is recognized at cost, includes:

(A) The initial measured amount of the lease liability; and

(B) Any lease payments made at or before the commencement date.

The right-of use assets is measured using the cost model subsequently and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

A. Borrowings refer to the long-term and short-term loans borrowed from the bank and other long-term and short-term loans. The Company initially recognizes the borrowings at fair value less transaction cost, any subsequent difference between the price and the redemption value after deducting the transaction cost, during the circulation period, the interest expense is recognized in profit or loss by using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is an evidence that it is probable that some or all of the facility will not be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(18) Notes and accounts payable

A. Accounts payable refer to debts arising from purchase of raw materials, goods or services and notes due to operation and non-operation.

B. Short-term notes and accounts payable without bearing interest are measured at initial invoice amount by the Company as effect of discounting is immaterial.

(19) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

a. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

b. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

c. Past service costs are recognized immediately in profit or loss.

C. Termination benefit

Termination benefit is offered when the Company terminates the employee's contract before normal retirement date or when the employee decides to accept the Company's offer of benefits instead of the termination of the contract. The Company recognizes the cost at the earlier of when the offer of benefits is no longer withdrawable or when recognizing related significant cost component. Benefits that are not expected to be paid off 12 months after the balance sheet date shall be discounted.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' compensation and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operated and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulation. It establishes provisions where appropriated based on the amounts expected to be paid to the tax authorities. According to the Income Tax Law, an additional income tax is levied on current year earnings that remain undistributed by the end of the following year after shareholdings' meeting; and recognized as income tax expenses.

C. The land value increment tax arising from selling land should be presented as an item of income tax for the period.

D. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

E. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

F. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

G. "Income Basic Tax Act" began effective on January 1, 2006, the amount of basic income shall be the sum of the taxable income as calculated in accordance with the Income Tax Act, plus any related tax exempted income included in other laws with the rate prescribed by the Executive Yuan. Current income tax shall pay according to whichever is higher compared between the basic income and regular income tax. The Company assessed the impact of the basic income tax on the parent company only financial statements for current period income tax.

(22) Treasury stock

When the Company buy back its outstanding shares, the consideration paid including any costs that directly attributable are recognized and deducted from shareholders' equity. At the time of cancellation of this buy back outstanding shares are debit to "capital reserve - share premium" and "common stock" according to equity ratio, the difference between the book value of treasury stock and buy back outstanding shares are to be written off to capital reserve with the same category of treasury stock.

(23) Revenue recognition

A. The Company operates land development and sales of residential properties and recognizes revenue when the control of properties are transferred to customers. For the contract of sales of properties that have been signed, the Company is restricted by the terms of the contract on making use of the property by any means until the legal ownership of the properties transferred to the customers; and then the Company has an enforceable right to collect the contractual amounts; and therefore the revenues are recognized when the legal titles are transferred to the customers.

B. Revenue is measured by the agreed amount in the contract, and the customer pays the contract price when the legal title of the property is transferred. In rare cases, the Company and the customers agree to defer payment, but period of this deferred payment will be no more than 12 months. The Company determines these defer payment contracts do not contains significant financial component and therefore no adjustment to the consideration amount.

(24) Operating segments

The Company has disclose its segments information in the consolidation financial statements, therefore no segments information disclosed in the parent company only financial statements.

(25) Earnings per shares

The Company presents basic and diluted earnings per share (''EPS'') data for its common shares. Basic EPS is calculated by dividing the net income attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the statement of income attributable to shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares.

(26) Dividends

Dividends are recorded in the Company's financial statement in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

5. Critical accounting judgements, estimates and key sources of assumption uncertainty

The preparation of the parent company only financial statement requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

The Company makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. As the net realizable value of inventories on balance sheet date is assessed to be lower than cost, the Company writes down the cost of inventories to the net realizable value. Therefore, there might be material changes to the evaluation.

As of December 31, 2019, the Company's carrying amount of inventories is $3,100,417 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31,	
	2019	2018
Cash on hand and working capital	$ 150	$ 150
Checking accounts and demand deposits	100,928	274,276
Time deposit	-	66,601
Total	$ 101,078	$ 341,027

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, therefore the probability of counterparty default is remote. The Company's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. Time deposits, for the purpose of meeting short-term commitments, are within three months of maturity when acquired, and can be readily converted into a fixed amount of cash and subject to insignificant risk of changes in value.

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

	December 31, 2019	December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 10,669	$ 4,714
Beneficiary certificates	47,580	44,765
Total	$ 58,249	$ 49,479
Current	$ 58,249	$ 49,479
Non-current	-	-
Total	$ 58,249	$ 49,479

A. The Company recognized a gain on valuation of $5,901 thousand and an loss on valuation of $17,731 thousand in 2019 and 2018, respectively.

B. Information relating to credit risk, please refer to Note 12(2).

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

	December 31, 2019	December 31, 2018
Investments in equity instrument measured at fair value through other comprehensive income:		
Unlisted equity investments	$ 3,759	$ 4,707
Current	$ -	$ -
Non-current	3,759	4,707
Total	$ 3,759	$ 4,707

A. The above equity instruments held by the Company are long-term strategic investments and are not held for trading purposes and have been designated to be measured at fair value through other comprehensive income.

B. On April 2, 2008, Emphasis Materials, Inc. was dissolved by resolution. As of December 31, 2019, the liquidation process has not yet been completed.

C. The reference date of capital reserve reduction and refund of New Castle Investment Development Corp. applied on June 1, 2019 and 2018. The Company received $1,975 thousand and $1,561 thousand after capital reserve reduction.

D. The amounts recognized by the Company in other comprehensive income or loss in 2019 and 2018 were a profit of $1,027 thousand and a loss of $83 thousand, respectively.

E. Information relating to credit risk, please refer to Note 12(2).

(4) Notes receivable and accounts receivable

	December 31,	
	2019	2018
Notes receivable	$ 18	$ 54
Less: allowance for doubtful accounts	-	-
	18	54
Accounts receivable	-	-
Less: allowance for doubtful accounts	-	-
	-	-
Total	$ 18	$ 54

A. The Company grants an interest free and average credit term of 60 days to its customer accounts.

B. The Company's maximum exposure to credit risk at December 31, 2019 and 2018 was the carrying amount of each class of accounts receivable and note receivables.

C. The Company's aging analysis of notes receivable and accounts receivable is as follows:

	December 31, 2019	December 31, 2018
Not past due	$ 18	$ 54
Past due less than 1 month	-	-
Past due 1 - 3 months	-	-
Past due 3 - 6 months	-	-
Past due over 6 months	-	-
Total	$ 18	$ 54

D. The Company measures the allowance for doubtful notes and accounts receivable by using the provision matrix is as follows:

December 31, 2019	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	$ 18	$ -	$ 18
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		$ 18	$ -	$ 18

December 31, 2018	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	$ 54	$ -	$ 54
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		$ 54	$ -	$ 54

E. Information relating to credit risk, please refer to Note 12(2).

(5) Other receivables

	December 31, 2019	December 31, 2018
Other receivables	$ 55,683	$ 16,860
Less: allowance for doubtful accounts	(16,245)	(16,245)
Total	$ 39,438	$ 615

(6) Inventories

	December 31, 2019	December 31, 2018
Lands for sale	$ 94,327	$ 94,327
Buildings for sale	48,750	48,750
Lands held for construction	3,007,273	2,970,517
Construction in progress	339,463	317,836
Less: allowance for decline in market value and obsolescence	(389,396)	(389,396)
Total	$ 3,100,417	$ 3,042,034

A. Details of lands for sale and buildings for sale:

	December 31,			
	2019		2018	
Case	Lands for sale	Buildings for sale	Lands for sale	Buildings for sale
Li Hsiang Jia A	$ 511	$ 1,251	$ 511	$ 1,251
Sheng Huo Jia A	2,864	2,482	2,864	2,482
Ya Dian Wang Chao A	-	456	-	456
Ya Dian Wang Chao B	-	1,722	-	1,722
Hang Sha	5,505	2,809	5,505	2,809
Shi Tan Duan A	85,447	40,030	85,447	40,030
Total	$ 94,327	$ 48,750	$ 94,327	$ 48,750

B. Details of lands held for construction and construction in progress:

	December 31,			
	2019		2018	
Case	Lands held for construction	Construction in progress	Lands held for construction	Construction in progress
Shu Lin An	$ 112,371	$ 85,821	$ 112,371	$ 85,821
Sheng Huo Jia B	7,803	1,350	7,803	1,350
Hsin Dian He Feng	483,764	148,391	483,764	148,391
Fu De Duan B	423	-	423	-
Hsin Guang Lu B	2,217	-	2,217	-
Rong Hsing Duan	73,440	10,899	73,440	3,811
Huai Sheng Duan	1,418,917	8,117	1,382,161	6,003
Yun He Jie A	621,454	83,909	621,454	72,460
Yun He Jie B	1,712	-	1,712	-
Wen Lin Bei Lu	285,172	976	285,172	-
Total	$ 3,007,273	$ 339,463	$ 2,970,517	$ 317,836

C. For the years ended December 31, 2019 and 2018, the interest capitalized as cost of inventory amounted to $6,198 thousand and $0 thousand, respectively. Annual interest rate used for capitalization for the years ended December 31, 2019 and 2018 were 1.9118% and 0%, respectively.

D. For details of inventories pledged as collateral, please refer to Note 8.

E. Significant information on construction projects.

For construction projects that have not yet commenced, including Shu Lin An, Sheng Huo Jia B, Hsin Dian He Feng, Fu De Duan B, Hsin Guang Lu B, Rong Hsing Duan, Huai Sheng Duan, Yun He Jie A, Yun He Jie B and Wen Lin Bei Lu. The Company is not able to estimate cost and revenue.

F. The cost of inventories recognized as expense (income) is as follows:

	For the year ended December 31,	
	2019	2018
Cost of sales	$ 1,905	$ 1,009,012
Impairment loss	-	-
Total	$ 1,905	$ 1,009,012

(7) Other financial assets

	December 31, 2019		December 31, 2018	
Time deposits	$	172,792	$	197,658
Cash in bank		94,402		5,390
Total	$	267,194	$	203,048
Current	$	267,194	$	203,048
Non-current		-		-
Total	$	267,194	$	203,048

For details of other financial assets pledged as collateral, please refer to Note 8.

(8) Investments accounted for under equity method

	December 31,					
Investee companies	2019		Ownership %	2018		Ownership %
Non-listed company						
Huachien Development Co., Ltd. (Huachien)	$	356,278	58	$	350,011	58
Dahyoung Real Estate Development Co., Ltd. (Dahyoung)		-	-		39,592	99
Total	$	356,278		$	389,603	

A. The basic information of the associates that are significant to the Company is as follows:

Company name	Principal place of business	Methods of measurement
Huachien	Taipei, Taiwan	Equity method
Dahyoung	Taipei, Taiwan	Equity method

Dahyoung held an extraordinary shareholder meeting on December 23, 2019, and resolved that December 25, 2019 as the reference date for dissolution. On the same date, the Company lost its control to Dayhyoug and recognized a loss of $133 thousand. ◦

B. The summarized financial information of the associates that are significant to the Company is as follows:

Balance sheet

	Huachien	
	December 31,	
	2019	2018
Current assets	$ 1,266,325	$ 1,262,421
Non-current assets	65,855	94,030
Current liabilities	(720,822)	(6,981)
Non-current liabilities	(876)	(722,999)
Total net assets	$ 610,482	$ 626,471
Share of net assets of the associate	$ 356,278	$ 350,011
Goodwill	-	-
Carrying amount of the associate	$ 356,278	$ 350,011

	Dahyoung	
	December 31,	
	2019	2018
Current assets	$ -	$ 32,771
Non-current assets	-	7,287
Current liabilities	-	(66)
Non-current liabilities	-	-
Total net assets	$ -	$ 39,992
Share of net assets of the associate	$ -	$ 39,592
Goodwill	-	-
Carrying amount of the associate	$ -	$ 39,592

Statement of comprehensive income

	Huachien	
	For the year ended December 31,	
	2019	2018
Revenue	$ 7,158	$ 11,110
Net loss for the year	(15,832)	(16,337)
Other comprehensive income (loss), net of tax	(1,033)	1,033
Total comprehensive loss for the year	($ 16,865)	($ 15,304)
Dividends received from the associate	$ -	$ -

	Dahyoung	
	For the year ended December 31,	
	2019	2018
Revenue	$ -	$ -
Net loss for the year	-	(444)
Other comprehensive loss, net of tax	-	(399)
Total comprehensive loss for the year	$ -	($ 843)
Dividends received from the associate	$ -	$ -

(9) Property, plant and equipment

	Lands	Buildings	Transportation equipment	Office equipment	Other equipment	Total
Cost						
At January 1, 2018	$ 36,006	$ 35,543	$ 639	$ 5,991	$ 257	$ 78,436
Additions	-	-	-	-	-	-
At December 31, 2018	36,006	35,543	639	5,991	257	78,436
Additions	-	115	-	93	-	208
Disposals and scrapped	-	-	-	(214)	-	(214)
At December 31, 2019	$ 36,006	$ 35,658	$ 639	$ 5,870	$ 257	$ 78,430

	Lands	Buildings	Transportation equipment	Office equipment	Other equipment	Total
Accumulated depreciation and impairment						
At January 1, 2018	$ -	$ 12,435	$ 120	$ 4,560	$ 164	$ 17,279
Depreciation	-	1,380	80	823	29	2,312
At December 31, 2018	-	13,815	200	5,383	193	19,591
Depreciation	-	1,298	80	212	28	1,618
Disposals and scrapped	-	-	-	(214)	-	(214)
At December 31, 2019	$ -	$ 15,113	$ 280	$ 5,381	$ 221	$ 20,995
Net book value						
At December 31, 2018	$ 36,006	$ 21,728	$ 439	$ 608	$ 64	$ 58,845
At December 31, 2019	$ 36,006	$ 20,545	$ 359	$ 489	$ 36	$ 57,435

For details of property, plant and equipment pledged as collateral, please refer to Note 8.

(10) Leasing arrangements as lessee for the year ended December 31, 2019

A. The leased assets by the Company are company cars with the lease period usually ranges from one to three years. Lease contracts are negotiated individually and contain a variety of terms and conditions. The leased assets are not to be subleased, pledged, disposed of, or engaged in the business of taking passengers and goods, no other restrictions are imposed.

B. The lease period of the Company’s leased parking spaces does not exceed twelve months, and the leases of low-value assets are office equipment. In addition, as of December 31, 2019, the Company’s lease payment for short-term lease commitments was $199 thousand.

C. The carrying amount of the right-of-use asset and the depreciation expense recognized are as follows:

	December 31, 2019	For the year ended December 31, 2019
	Carrying amount	Depreciation
Transportation equipment	$ 606	$ 1,103

D. The right-of-use assets of the Company increased by $927 thousand in 2019.

E. The income and expenses related to the lease contracts are recognized as follows:

	For the year ended December 31,	
Items affecting profit or loss	2019	2018
Interest expense on lease liabilities	($ 16)	$ --
Expense on short-term lease contracts	($ 230)	$ --
Expense on lease of low-value assets	($ 141)	$ --

F. The total cash outflow for the leases of the Company in 2019 amounted to $1,469 thousand.

(11) Leasing arrangements as lessor for the year ended December 31, 2019

A. The leased assets of the Company include land and buildings. The lease contracts period usually ranges from one to six years. Lease contracts are negotiated individually and contain various terms and conditions. To ensure that the leased assets of the Company are used normally, the contract requires the lessee not to sublease, add, modify, pledge or use by a third party.

B. The Company recognized the rental income from operating lease contracts of $1,069 thousand, of which none of the rental income was recognized as variable lease payments.

C. The lease receipts due under an operating lease of the Company are analyzed as follows:

	December 31, 2019
At December 31, 2020	$ 881
At December 31, 2021	95
Total	$ 976

(12) Impairment of non-financial assets

For the years ended December 31, 2019 and 2018, the Company did not recognize any reversal loss of impairment loss of property, plant and equipment.

(13) Short-term borrowings

	December 31,	
	2019	2018
Secured borrowings	$ 282,000	$ -
Interest rate range (%)	1.55 ~ 1.60	-

A. The above short-term borrowings are used for constructions and working capital and repayable in one to three years.

B. For details of collateral of short-term borrowings, please refer to Note 8.

(14) Short-term notes and bills payable

		December 31,	
	Acceptance agencies	2019	2018
Short-term notes and bills payable	Dah Chung Bills Finance Corp.	$ -	$ 320,000
Less: unamortized discount		-	(17)
Total		$ -	$ 319,983

A. The interest rate of short-term notes and bills payable for December 31, 2018 is 0.64%.

B. For details of collateral of short-term notes and bills payable, please refer to Note 8.

(15) Notes payable and accounts payable

	December 31,	
	2019	2018
Notes payable	$ -	$ 1,647
Accounts payable	362	-
Estimated accounts payable	20,124	20,357
Subtotal	20,486	20,357
Total	$ 20,486	$ 22,004

(16) Long-term borrowings

	December 31,	
Details	2019	2018
Secured long-term borrowings		
- Starting from November 2013, the repayments made monthly until October, 2016. In October, 2016, the repayment date became a one-off payment in October 2019 in according to supplementary contract. In July 2018, in according to another supplementary contract, the repayment will be at a minimum of 70% of the total sales price if there is a sale of property, the repayment of remaining amount will be a one off-payment in October 2020, with floating interest rate. The interest rate as of December 31, 2019 and 2018 were 2.05%.	$ 403,000	403,000

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- Originally expire and repay in a one-off payment in October, 2019. In July 2018, in according to a supplementary contract, the repayment will be at a minimum of 70% of the total sales price if there is a sale of property, the repayment of remaining amount will be a one off-payment in October 2020, with floating interest rate. The interest rate as of December 31, 2019 and 2018 were 2.05%.	110,000	110,000
Total	513,000	513,000
Less: long-term borrowings expired within an operating cycle	(513,000)	(513,000)
Net	$ -	$ -

A. Repayment deadline of above long-term borrowings is as follow:

Due by	Amount
December 31, 2020	$ 513,000

B. For details of collateral of long-term borrowings, please refer to Note 8.

(17) Pensions

A. Defined benefit plans

(A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly with an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustees, under the name of the independent retirement fund committee.

(B) The amounts recognized in the balance sheet were determined as follows:

	December 31, 2019	December 31, 2018
Present value of funded obligations	($ 26,701)	($ 32,445)
Fair value of plan assets	24,554	22,063
Net defined benefit liabilities	($ 2,147)	($ 10,382)

(C) Movements in net defined benefit liability were as follows:

	Present value of funded obligations	Fair value of plan assets	Net defined benefit liabilities
For the year ended December 31, 2018			
Balance as of January 1	($ 31,422)	$ 14,369	($ 17,053)
Current services costs	(139)	-	(139)
Interest (expense) income	(436)	199	(237)
	(31,997)	14,568	(17,429)
Re-measurements:			
Impact of change in financial assumptions	(1,126)	-	(1,126)
Examined adjustments	678	353	1,031
	(448)	353	(95)
Employer contribution	-	7,142	7,142
Balance as of December 31	($ 32,445)	$ 22,063	($ 10,382)

	Present value of funded obligations	Fair value of plan assets	Net defined benefit liabilities
For the year ended December 31, 2019			
Balance as of January 1	($ 32,445)	$ 22,063	($ 10,382)
Current services costs	(139)	-	(139)
Interest (expense) income	(354)	241	(113)
	(32,938)	22,304	(10,634)
Re-measurements:			
Impact of change in financial assumptions	(1,021)	-	(1,021)
Examined adjustments	2,005	682	2,687
	984	682	1,666
Employer contribution	-	6,821	6,821
Actual benefit payments	5,253	(5,253)	-
	5,253	1,568	6,821
Balance as of December 31	($ 26,701)	$ 24,554	($ 2,147)

(D) The Bank of Taiwan was entrusted to manage the Fund of the Company's defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund". With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilization Report published by the government.

(E) The principal actuarial assumptions used were as follows:

	For the year ended December 31, 2019	2018
Discount rate	0.70%	1.09%
Future salary increases	3.00%	3.00%
Expected return on plan assets	0.70%	1.09%

The assumption for future mortality rate is estimated based on the 5th mortality table issued by Taiwan Life Insurance Industry.

The analysis of impact on present values of defined benefit obligation by using principal actuarial assumptions:

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
December 31, 2019	0.5%	0.5%	0.5%	0.5%
Impact on present value of defined benefit obligation	($ 1,300)	$ 1,383	$ 1,345	($ 1,277)

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
December 31, 2018	0.5%	0.5%	0.5%	0.5%
Impact on present value of defined benefit obligation	($ 1,853)	$ 1,978	$ 1,930	($ 1,828)

The above mentioned sensitivity analysis is the analysis of the impact of change in a single assumption while all other assumptions remain unchanged. In practice, change in assumptions is interacted. The sensitivity analysis adopts the same method in calculating the net pension liability in balance sheet.

(F) Estimated contributions to the defined benefit pension plans of the Company within one year from December 31, 2019 amounting to $20,970 thousand.

(G) As of December 31, 2019, the weighted average period for the pension plan is 10 years.

Analysis of the pension payment past due is as follow:

Less than a year	$ 21,041
One to two years	-
Two to five years	871
Over five years	897
	$ 22,809

B. Defined contribution plan

Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Under the new plan, the Company contributes to the employees' individual pension accounts at the Bureau of Labor Insurance. The pension costs under the defined contribution pension plans of the Company for the year ended December 31, 2019 and 2018 was $1,366 thousand and $1,467 thousand respectively.

(18) Provisions

	Provisions for employee benefits
At January 1, 2018	$ 1,123
Addition during the year	622
Used during the year	(1,123)
At December 31, 2018	622
Addition during the year	644
Used during the year	(622)
At December 31, 2019	$ 644

Analysis of provisions was as follow:

	December 31,	
	2019	2018
Current	$ 644	$ 622
Non-current	$ -	$ -

(19) Common Stock

A. As of December 31, 2019, the Company's authorized capital was $5,336,135 thousand with par value of $10 per share. As of December 31, 2019, total paid-in capital was $2,707,525 thousand.

B. Details of the Company's previous offering at a discounted price (private placement) were as follows:

Date of issue	Number of share issued (in thousand)	Issued price ($/share)
September 27, 2004 (public offering completed)	41,137	2.99
August 21, 2007 (public offering completed)	18,750	8.00

Movements in the number of the Company's ordinary shares outstanding are as follows:

	Number of outstanding shares (in thousand)	
	For the year ended December 31,	
	2019	2018
At January 1	270,753	270,753
Issuance of shares through capitalization of retained earnings	-	-
At December 31	270,753	270,753

C. Treasury stock

Movements of ordinary shares held by the Company's subsidiaries for the years ended December 31, 2019 and 2018 are as follows:

<u>For the year ended December 31, 2019</u>

		Increase (decrease) during the year			(Unit: New Taiwan dollars)	
Name of subsidiary	Share at January 1	Number of share	Sale price	Share at December 31	Par value per share	Market value per share
Huachien	2,066,640	(2,066,640)	$ 32,289,397	-	$ -	$ -

For the year ended December 31, 2018

(Unit: New Taiwan dollars)

Name of subsidiary	Share at January 1	Increase (decrease) during the year: Number of share	Increase (decrease) during the year: Sale price	Share at December 31	Par value per share	Market value per share
Huachien	2,676,640	(610,000)	$ 9,526,675	2,066,640	$ 15.2	$ 15.7

(20) Capital surplus

	December 31, 2019	December 31, 2018
Cash dividend unclaimed for over five years	$ 554	$ 504
Adjusted difference by equity method	1,100	1,100
Gains after tax on disposal of property, plant and equipment held by subsidiary under equity method	7,487	7,487
Treasury stock transaction	-	149
Total	$ 9,141	$ 9,240

Pursuant to the ROC Company Act, capital surplus arising from paid-up capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act of ROC requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) Retained earnings

A. Legal reserve

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Special reserve

When the Company distributes the earnings, in accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the current year balance sheet date. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified. If the aforesaid relevant assets are investment properties, the lands should be reversed during disposal or reclassification, and the part other than the lands should be reversed gradually during the period of use.

C. Distribution of retained earnings

In accordance with the Articles of Association, the current year's earnings, if any, shall be used to pay all taxes and offset prior years' operating losses, thereafter 10% shall be either set aside as legal reserve or appropriate to or reverse to special reserve according to the relevant regulations or as requested by the competent authorities. However, the parent's company shall not be subject to this requirement when the amount of legal reserve accumulated equal to the total authorized capital. For the remaining earnings plus prior years' unappropriated retained earnings may be appropriated for 10% to 70% according to a proposal by the board of directors and approved in the shareholders' meeting as shareholders' dividends; provided that the distribution of the reserve is limited to 5% of the parent company's paid-in capital.

This distribution of shareholders' dividends shall be either in cash or stocks, in which with cash dividends not less than 10% of the total dividend.

D. On June 5, 2019, the Company adopted the resolution of the 2018 earnings distribution at the annual shareholders' meeting, which proposed to distribute $2,687 thousand from legal reserve and distribution of $81,225 thousand as shareholders' dividends. In addition, on June 15, 2018, the Company adopted a resolution at annual shareholders' meeting that no distribution of earnings due to the loss for the fiscal year 2017.

E. For details of information on employee's compensation and directors and supervisors' remuneration, please refer to Note 6(26).

(22) Revenue

	For the year ended December 31,	
	2019	2018
Revenue from customer contracts		
Sales revenue - lands	$ -	$ 948,671
Sales revenue - buildings	2,000	251,285
	2,000	1,199,956
Rental income	1,069	1,113
Total	$ 3,069	$ 1,201,069

A. The Company's revenue from customer contracts recognized at a point in time in 2019 and 2018 were as follows:

	For the year ended December 31,	
	2019	2018
Revenue recognized at a point in time	$ 2,000	$ 1,199,956

B. Contracts liabilities

	For the year ended December 31,	
	2019	2018
Contracts liabilities:		
Sales of properties	$ 187,130	$ 2,000

The Company's contract liabilities for the current period increased as compared to December 31, 2018 was mainly due to the performance obligations had not been fulfilled and therefore the consideration received from customers in advance had not been recognized as revenue.

Of the opening balances of contract liabilities in 2019 and 2018, the amounts of revenue recognized in 2019 and 2018 were $ 2,000 thousand and $ 48,020 thousand, respectively.

(23) Other income

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest income		
Interest on bank deposits	$ 3,502	$ 3,403
Other interest income	1,150	163
	4,652	3,566
Dividend income	-	188
Other income - other	3,937	8,013
Total	$ 8,589	$ 11,767

(24) Other gains and losses

	For the year ended December 31, 2019	For the year ended December 31, 2018
Net currency exchange gains	$ 1,018	$ 3,442
Net gains (losses) on financial assets at fair value through profit or loss	5,901	(17,731)
Loss on disposal of investment	(133)	-
Lease modification benefits	1	-
Other non-operating losses	(20)	(80)
Total	$ 6,767	($ 14,369)

(25) Additional disclosures related to cost of revenues and operating expenses are as follows:

	For the year ended December 31,					
	2019			2018		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	$ -	$ 46,849	$ 46,849	$ -	$ 49,005	$ 49,005
Depreciation	-	2,721	2,721	-	2,312	2,312

(26) Employee benefit expenses

	For the year ended December 31,	
	2019	2018
Wages and salaries - Non-director employee	$ 32,865	$ 33,847
Director's remuneration	8,520	8,977
Labor and health insurance contribution	2,545	2,551
Pension costs	1,618	1,843
Other personnel expenses	1,301	1,787
Total	$ 46,849	$ 49,005

A. In accordance with the Articles of Association, the parent company's accumulated deficits should be covered before distribution of current year earnings, 1.5% of distributable earnings and no more than 2% of current year earnings shall be appropriated as employees' compensation and directors' remuneration respectively. The percentage of employees' compensation and director's remuneration as mentioned in the preceding paragraph and employees' compensation distributed by way of stock or cash, shall be resolved in the meeting of the board of directors attended by more than a two-thirds of directors; of which half of the attended directors shall agree such distribution; and report at the shareholder's meeting.

The current year earnings referred to in the preceding paragraph refers to the current year profit before tax and before deduction of the distribution of employees' bonus and directors' remuneration.

B. The compensation to employees were determined by the profit of the year. In 2019 and 2018, the employees' compensation and directors' remuneration of the parent company was $0 thousand, $864 thousand, $0 and $864 thousand, respectively.

The number of share dividend is calculated based on the closing price of the day before the resolution being made by the board and after considering the effect of ex-rights. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts by the board of directors, the differences are recorded in profit and loss in the subsequent year.

The shareholders' meeting in 2019 resolved that the compensation to employees and remuneration to directors for the year ended December 31, 2018 was $864 thousand and no difference from the original estimated amount.

C. Please refer to Market Observation Post System for more information on the resolution related to the appropriation of distributable earnings as employees' compensation and directors' remuneration of the Company's board of directors' meeting.

(27) Finance costs

	For the year ended December 31,	
	2019	2018
Interest expense		
Bank loans	$ 14,250	$ 15,935
Less: capitalization of qualifying assets	(6,198)	-
Total	$ 8,052	$ 15,935

(28) Income tax

A. Income tax expense

Components of income tax expense:

	For the year ended December 31,	
	2019	2018
Current income tax for the year		
Land value increment tax included in current income tax for the year	$ -	$ 14,565
Current income tax for the year	-	14,565
Deferred tax		
Relating to origination and reversal of temporary differences	-	-
Income tax expense	$ -	$ 14,565

B. Reconciliation between income tax expense and loss before income tax:

	For the year ended December 31,	
	2019	2018
Income before income tax	($ 68,696)	$ 41,439
Income tax expense at statutory rate	(13,739)	8,288
Tax effect of adjusting items		
Permanent differences	12,019	(22,094)
Loss on unrecognized deferred tax assets	1,845	19,387
Unrecognized temporary differences	(125)	(5,581)
Land value increment tax	-	14,565
Income tax expense	$ -	$ 14,565

C. The details of unrecognized deferred tax assets were as follow:

	December 31,	
	2019	2018
Loss carry forward		
Expired in 2019	$ -	$ 10,325
Expired in 2020	144,541	144,541
Expired in 2023	8,706	8,706
Expired in 2024	21,519	21,519
Expired in 2025	34,776	34,776
Expired in 2026	14,432	14,432
Expired in 2027	8,414	8,414
Expired in 2028	19,351	19,351
Expired in 2029	1,845	-
	253,584	262,064
Deductible temporary differences		
Inventories	77,879	77,879
Allowance for doubtful accounts	3,249	3,249
Financial assets at fair value through other comprehensive income	22,685	22,685
Prepayments	887	887
Net defined benefit liabilities	1,438	1,701

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Provisions for liabilities	129	124
Unrealized exchange gains and losses	1,608	1,475
	107,875	108,000
Total	$ 361,459	$ 370,064

D. As of December 31, 2019, details of the Company's deferred tax assets for future utilization were as below:

Expiry date	Unused loss carry forward
2020	$ 144,541
2023	8,706
2024	21,519
2025	34,776
2026	14,432
2027	8,414
2028	19,351
2029	1,845
Total	$ 253,584

E. The Company's income tax returns through 2017 have been assessed by the Tax Authority.

F. In accordance with the amended Income Tax Act of ROC on February 7, 2018, the Company's corporate income tax rate was adjusted from 17% to 20%, effective from 2018. The rate of the corporate surtax of unappropriated earnings will be reduced from 10% to 5%.

(29) Earnings per share

A. The calculation of earnings per share and weighted average number of ordinary share is as follows:

	For the year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Loss attributable to common shareholders	($ 68,696)	270,753	
Profit attributable to share of the parent company held by subsidiaries	-	(95)	
Loss attributable to common shareholders	($ 68,696)	270,658	($ 0.25)

<u>Diluted earnings per share</u>

None.

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders	$ 26,874	270,753	
Profit attributable to share of the parent company held by subsidiaries	-	(2,657)	
Profit attributable to common shareholders	$ 26,874	268,096	$ 0.1

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Diluted earnings per share			
Profit attributable to common shareholders	$ 26,874	268,096	
Assumed conversion of all dilutive potential ordinary shares			
Employee's bonus	-	55	
Profit attributable to common shareholders	$ 26,874	268,151	$ 0.1

B. Assumed that the trading and holding of the Company's shares by the subsidiaries does not deem as treasury stock but as investments, the pro-forma calculation of earnings per share and weighted average number of ordinary share is as follows:

	For the year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Loss attributable to common shareholders	($ 68,696)	270,753	($ 0.25)

Diluted earnings per share

None.

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to common shareholders	$ 26,874	270,753	$ 0.1
Diluted earnings per share			
Profit attributable to common shareholders	$ 26,874	270,753	
Assumed conversion of all dilutive potential ordinary shares			
Employee's bonus	-	55	
Profit attributable to common shareholders	$ 26,874	270,808	$ 0.1

(30) Operating leases as of December 31, 2018

A. The Company leases properties under non-concealable operating lease agreement. The lease period is from 2015 to 2021.

B. The future aggregate minimum lease receipts under non-cancellable operating lease are as follows:

	December 31, 2018
Within one year	$ 428
Over one year but within five years	168
Over five years	-
	$ 596

(31) Changes in liabilities from financing activities

The reconciliation of the Company's liabilities from financing activities is as follows:

	January 1, 2019	Cash flow	Other non-cash	December 31, 2019
Short-term borrowings	$ -	$ 282,000	$ -	$ 282,000
Short-term notes and bills payable	319,983	(319,983)	-	-
Lease liabilities	1,354	(1,082)	328	600
Long-term borrowings	513,000	-	-	513,000
Guarantee deposits	9,305	-	-	9,305
Capital surplus	9,240	50	(149)	9,141
Treasury stock	(27,761)	32,289	(4,528)	-
Liabilities from financing activities	$ 825,121	($ 6,726)	($ 4,349)	$ 814,046

	January 1, 2018	Cash flow	Other non-cash	December 31, 2018
Short-term borrowings	$ 511,057	($ 511,057)	$ -	$ -
Short-term notes and bills payable	399,963	(79,980)	-	319,983
Long-term borrowings	513,000	-	-	513,000
Guarantee deposits	9,305	-	-	9,305
Capital surplus	8,929	162	149	9,240
Liabilities from financing activities	$ 1,442,254	($ 590,875)	$ 149	$ 851,528

7. Related party transactions

(1) Name of related parties and relationship

Name	Relationship
Huachien Development Co., Ltd.	Subsidiary
Dahyoung Real Estate Development Co., Ltd.	Subsidiary (Dissolved on December 25, 2019)
Da Sin Investment Development Co., Ltd.	Chairman of Da Sin Investment Development Co., Ltd. is the first degree of kinship of the director of the Company
Da Shuo Investment Co., Ltd.	Chairman of Da Shuo Investment Co., Ltd. is the first degree of kinship of the director of the Company
Wei Feng Investment Co., Ltd.	Chairman of Wei Feng Investment Co., Ltd. is the second degree of kinship of the director of the Company (Dissolved on November 11, 2018)
Lin Hsing Hsiung	Second degree of kindship of the director of the Company
Lin Wei Pang	Second degree of kindship of the director of the Company
Lin Yuan Yi	First degree of kindship of the director of the Company
Lin Heng Yi	First degree of kindship of the director of the Company
Lin Po Feng	Director of the Company
Weng Chu Chih	Director’s spouse of the Company
Lin Hui Chuan	Second degree of kindship of the director of the Company

(2) Significant related party transactions and balances:

A. Sales of goods and services

	For the year ended December 31,	
	2019	2018
Rental income		
- Subsidiaries	$ 57	$ 58
- Other related parties	34	79
Total	$ 91	$ 137

The lease period is from April 2015 to March 2021. Rental is collected monthly or annually.

B. The balance of receivables and payables with related parties were as follows:

	December 31,	
	2019	2018
Refundable deposit		
Other related parties	$ 12,210	$ -
Other receipts in advance		
Subsidiaries	$ 7	$ 14
Other related parties	7	14
Total	$ 14	$ 28

C. Property transaction

In 2019, the Company purchased three paintings of painter Lin Chien Chih from the subsidiary for $3,822 thousand, and recognized as other non-current assets. The purchase price of this asset is not significantly different from the original purchase price of the subsidiary.

(3) Key management compensation

	For the year ended December 31,	
	2019	2018
Salaries and other short–term employee benefits	$ 14,738	$ 16,435
Termination benefits	-	-
Post-employment benefits	5,253	-
Other long-term employee benefits	-	-
Share-based payment	-	-
Total	$ 19,991	$ 16,435

8. Pledged of assets

The Company's assets pledged as collateral are as follows:

		Carrying amount	
		December 31,	
Pledged assets	Purposes	2019	2018
Inventories			
Lands for sale	Performance guarantee	$ 5,505	$ 5,505
Buildings for sale	Performance guarantee	2,809	2,809
Lands held for construction	Sort-term borrowing, long-term borrowing and short-term bills payable	2,005,327	2,005,327
Construction in progress	Short-term borrowing and short-term bills payable	83,909	72,460
Property, plant and equipment			
Lands	Short-term borrowing	36,006	36,006
Buildings	Short-term borrowing	20,545	21,728
Other equipment	Short-term borrowing	36	64
Other financial assets - current	Trust account	94,402	5,390
Total		$ 2,248,539	$ 2,149,289

9. Significant contingent liabilities and unrecognized commitments

A. As of December 31, 2019, the Company received the promissory notes from the contractors amounting to $17,830 thousand.

B. As of December 31, 2019, the Company signed the contracts of pre-sale of properties with customer amounted to $1,569,380 thousand, and have been received $186,930 thousand according to the contract amount.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

A. On March 27, 2020, the Company's Board of Directors resolved the subsidiary, Huachien to increase 9,125 shares, in cash, with a par value of $10 per share and issued at a premium of $80 per share to repay bank borrowings and enrich working capital. The Company subscribed for 5,325 thousand shares in accordance with the shareholding ratio, and the payable amount was $426,028 thousand.

B. On March 27, 2020, the Company's Board of Directors resolved to increase the Company's capital by issuing the common stock with the maximum number of 155,000 thousand shares, with a par value of $10 per share and the tentative issue price at $12 to $14 per share. The proceeds from increased capital were to repay bank borrowings and pay for construction projects and lands and payment for capital inject for the subsidiary, Huachien. The total amount raised is expected to be $2,000,000 thousand by public subscription.

12. Others

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new stocks to adjust the most appropriate capital structure. The Company monitors capital on the basis of the gearing ratio. The Company's gearing ratios as of December 31, 2019 and 2018 are as follows:

	December 31,	
	2019	2018
Total liabilities	$ 1,056,583	$ 915,221
Total assets	$ 4,169,621	$ 4,159,624
Gearing ratio	25%	22%

During a recent review of the gearing ratio, the debt-to-asset ratio on December 31, 2019 was higher compared to December 31, 2018 which caused by the increase of liabilities. This increase of liabilities was mainly due to the increase in amounts of pre-sale of properties received by the Company.

(2) Financial instruments

A. Financial instruments by category

	December 31,	
	2019	2018
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 58,249	$ 49,479
Financial assets at fair value through other comprehensive income		
Designated investments in equity instrument	$ 3,759	$ 4,707
Financial assets at amortized cost		
Cash and cash equivalents	$ 101,078	$ 341,027
Notes receivable	18	54
Other receivables	39,438	615
Other financial assets	267,194	203,048
Refundable deposits	31,167	13,251
	$ 438,895	$ 557,995

	December 31,	
	2019	2018
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 282,000	$ -
Short-term notes and bills payable	-	319,983
Notes payable	-	1,647
Accounts payable	20,486	20,357
Other payable	14,627	11,238
Long-term borrowings (including current portion)	513,000	513,000
Guarantee deposits	9,305	9,305
	$ 839,418	$ 875,530
Lease liabilities	$ 600	-

B. Financial risk management objectives and policies

The Company's financial instruments include equity and beneficiary certificate investment, notes receivables, other receivables, other financial assets, refundable deposits, bank borrowings, notes payable, accounts payable and other payables. Risk management is coordinated by the Company's finance department by entering domestic and international financial market operations and responsible to monitor and manage the financial risk according to the degree of risk and evaluating the breadth analysis of risk exposure. Such risk includes market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to reduce the risk by employing a risk management and to analyze, identify and evaluate the related financial risks that potentially expose adverse effects on the Company. The Company has a relevant plan to hedges the adverse factors of financial risk.

(A) Market risk

Market risk is arising from movements in market prices, such as foreign exchange risk and interest rate risk that affecting the Company's earnings or financial instruments held by the Company.

The objective of market risk management is to control the market risk exposure within affordable range and to optimize the return on investment.

The major markets risks undertake by the Company's operation are foreign exchange risk, interest rate risk and equity price risk. In practice, a movement by a single change in risk variables is rare, hence change in risk variables are always interrelated. The following sensitivity analysis did not consider the interaction of related risks variables.

a. Foreign exchange risk

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on financial assets measured at fair value that are denominated in foreign currency. The Company's foreign exchange risk is mainly arising from the foreign exchange gains and losses against the cash and cash equivalents, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that are dominated in foreign currency.

Details of the unrealized exchange gains and losses of the Company's monetary items whose value would significantly affected by exchange rate fluctuation are as follows:

	For the year ended December 31, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT$)
Financial assets			
US$: NT$	$ 2,580	29.980	($ 1,303)
CN¥ : NT$	15	4.305	22
HK$: NT$	53	3.849	613

	For the year ended December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT$)
Financial assets			
US$: NT$	$ 3,790	30.715	$ 2,037
CN¥ : NT$	226	4.472	(20)
HK$: NT$	11,058	3.921	1,259

The sensitivity analysis of the Company's exchange risk mainly focuses on the relevant foreign currency appreciation or depreciation of main foreign currency items at the closing date of reporting period, and its impact on the Company's profit and loss and equity.

The determination of below sensitivity analysis is based on the Company's non-functional currency assets and liabilities with significant exchange rate exposure at the balance date. The relevant information is as follows:

	December 31, 2019					
	Foreign currency amount	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
US$	$ 2,580	29.980	$ 77,346	5%	$ 3,867	$ -
CN¥	15	4.305	65	5%	3	-
HK$	53	3.849	204	5%	10	-
None monetary items						
US$	$ 564	29.980	$ 16,914	5%	$ 658	$ 188
CN¥	207	4.305	891	5%	45	-

	December 31, 2018					
	Foreign currency amount	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
US$	$ 3,790	30.715	$ 116,397	5%	$ 5,820	$ -
CN¥	226	4.472	1,011	5%	51	-
HK$	11,058	3.921	43,358	5%	2,168	-
None monetary items						
US$	$ 813	30.715	$ 24,991	5%	$ 1,014	$ 235

b. Interest rate risk

The Company's interest rate risk arises from borrowing. Borrowing with floating interest rate exposes the Company to change in fair value risk and cash flow risk. The Company by maintaining an appropriate combination of floating rate to manage interest rate risk. The Company assesses its hedging activities on a regular basis to ensure hedging strategies are established consistently between interest rate and risk preferences and in most cost-effective manner.

The Company's exposure on financial liabilities rate risk is described in this Note for liquidity risk management below.

Sensitivity analysis

The following sensitivity analysis is based on interest rate risk exposure on the non-derivative instruments at the closing date of reporting period. Regarding the liabilities with variable interest rate, the following analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 1% when key management report internally, which also represents management of the Company's assessment on the reasonably possible interval of interest rate change.

If the interest rate has increased or decreased by 1% with other variable held constant, the net profit before tax would have increased or decrease by $7,950 thousand and $8,330 thousand for the years ended December 31, 2019 and 2018, respectively, which would be mainly resulted from the Company's borrowing with variable interest rate.

c. Other price risk

The Company's exposure to equity price risk in 2019 and 2018 resulted from investments in listed and unlisted equity securities and beneficiary certificates. The investments in the equity securities and beneficiary certificate are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The management of the Company manages risks by holding investment portfolios with different risk.

Sensitivity analysis

The following sensitivity analysis is based on the exposure of equity securities and beneficiary certificates at the closing date of the reporting period.

If the price of the equity securities and the beneficiary certificates increased/decreased by 10%, the profit and loss of the Company for the year ended 31 December, 2019 and 2018 will be increased/decreased by $5,825 thousand and $4,948 thousand, respectively, which is due to changes in the fair value of financial assets held at fair value through profit or loss. The other equity will be increased/decreased by $376 thousand and $471 thousand, respectively, which is due to changes in the fair value of financial assets measured at fair value through other comprehensive income.

(B) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by counterparties on the contract obligations. The Company's credit risk is attributable to its operating activities (mainly notes and accounts receivables) and financial activities (mainly bank deposits and various financial instruments).

Each unit of the Company follows credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all counterparties is based on factors such as the financial position, the rating of the credit rating agency, historical trading experience, the current economic environment and the company's internal rating criteria etc. The Company also uses certain credit enhancement tools (such as pre-collection from sales of properties) at an appropriate time to reduce the credit risk of counterparties.

The Company's accounts receivables mainly comprise receipts from customers on sales of properties. Based on the past experiences, the Company's management assessed these accounts receivable had no significant risk.

The finance department of the Company manages the credit risk of bank deposits, fixed income securities and other financial instruments in accordance with the Company's policies. The trading parties of the Company are determined by internal control procedures such as the banks with good credit financial institutions with investment grades, corporate organizations and government agencies are considered to have no significant credit risk.

(C) Liquidity risk

Liquidity risk refers to risk when the Company is unable to settle its financial liabilities by cash or other financial assets and failure to fulfill obligations associated with existing operations.

The Company manages its liquidity risk by maintaining adequate cash and cash equivalents in order to cope and mitigate the effects of the Company's operating cash flow fluctuations. The Company's management oversight banking facilities usage and ensure the terms of the loan agreement are followed.

Bank borrowings are the important source of liquidity to the Company. As of December 31, 2019 and 2018, the total banking facilities that have not yet utilized by the Company were $683,000 thousand and $645,000 thousand respectively.

Table of liquidity and interest rate risk

The table below analyses the Company's non-derivative financial liabilities based on remaining period to the contractual maturity date during the agreed repayment period and in accordance to the possible earliest required date of repayment. The financial liabilities in below table are prepared by undiscounted cash flows.

	December 31, 2019				
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
Non-derivative financial liabilities					
Short-term borrowings	$ 283,709	$ -	$ -	$ -	$ 283,709
Accounts payable	20,486	-	-	-	20,486
Other payables	14,627	-	-	-	14,627
Lease liabilities	600	-	-	-	600
Long-term borrowings (include current portion)	521,615	-	-	-	521,615
Guarantee deposits received	50	105	4,600	4,550	9,305
	$ 841,087	$ 105	4,600	$ 4,550	$ 850,342

	December 31, 2018				
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
Non-derivative financial liabilities					
Short-term notes and bills payable	$ 320,000	$ -	$ -	$ -	$ 320,000
Notes payable	1,647	-	-	-	1,647
Accounts payable	20,357	-	-	-	20,357
Other payables	11,238	-	-	-	11,238
Long-term borrowings (include current portion)	10,516	521,615	-	-	532,131
Guarantee deposits received	149	6	-	9,150	9,305
	$ 363,907	$ 521,621	$ -	$ 9,150	$ 894,678

The Company does not have callable bank borrowing that requires repayment on demand.

The amounts of above non-derivative financial assets and liabilities instruments with floating interest rate will be varied when the estimated rate become different at the end of reporting period.

(3) Fair value information

A. The different levels of valuation techniques which are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Publicly quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active when the goods in the market are in same nature and the price information is readily available in the public market for both buyers and sellers. The fair values of the Company's investments in publicly listed securities are included in Level 1.

Level 2: Inputs other than the observable publicly quoted prices included within Level 1 for assets and liabilities, either directly (such as price) or indirectly (such as derived from the price).

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, other receivables, other financial assets, deposits, bank borrowings, notes payable, accounts payable and other payables are reasonable approximations of fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit or loss				
Listed stocks	$ 10,669	$ -	$ -	$ 10,669
Beneficiary certificates	47,580	-	-	47,580
Financial assets at fair value through other comprehensive income				
Unlisted equity investments	-	-	3,759	3,759
	$ 58,249	$ -	$ 3,759	$ 62,008

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Listed stocks	$ 4,714	$ -	$ -	$ 4,714
Beneficiary certificates	44,765	-	-	44,765
Financial assets at fair value through other comprehensive income				
Unlisted equity investments	-	-	4,707	4,707
	$ 49,479	$ -	$ 4,707	$ 54,186

D. The methods of assumptions of the Company used to measure fair value are as follows:

(A) The Company applied market quoted prices and net value as their inputs of fair value for its domestic listed stock (that is Level 1).

(B) In addition to the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments are obtained by means of evaluation techniques or reference to counterparty quotes. The fair value obtained through the evaluation techniques based on the current fair value of other financial instruments with similar characteristics and characteristics, discounted cash flow method or other evaluation techniques including calculations based on the application model of market information available on the balance sheet date.

(C) The output of the evaluation model is the estimated value, and the evaluation technique may not reflect all the factors that the Company holds for financial instruments and non-financial instruments. Therefore, the estimated value by the evaluation model will be adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company’s management policy of fair value evaluation model and related control procedures, the management believes that the evaluation adjustments are appropriated and necessary for the fair presentation of the fair value of financial instruments and non-financial instruments in the individual balance sheet. The pricing information and parameters used in the evaluation process are carefully evaluated and appropriately adjusted to current market conditions.

E. There is no transfer between first and second level measured at fair value in 2019 and 2018.

F. Changes in level 3

	For the year ended December 31, 2019
January 1, 2019	$ 4,707
Refund of capital after capital reduction in the current period	(1,975)
Gain recognized in other comprehensive income	1,027
December 31, 2019	$ 3,759

G. The Company's evaluation process for fair value is classified into the level 3. The financial department is responsible to ensure that the evaluation results are reasonable. These include: verifying the fair value of financial instruments by using independent source data to bring the evaluation results close to the market; to confirm the data sources are independent reliable and consistent with other resources and represent executable prices; and regularly calibrate the evaluation model; perform back-testing; update the input values and materials required for the evaluation model; and any other necessary fair value adjustments.

H. Quantitative information on significant unobservable inputs for the fair value measurement in level 3

	Fair value December 31, 2019	Evaluation techniques	Significant unobservable inputs	Relationship between input value and fair value
Non-derivative equity instruments:				
Venture capital stock	$ 3,759	Net assets value method	Lack of market liquidity and minority share discount	Lack of market circulation, the higher the discount, the lower the fair value

	Fair value December 31, 2018	Evaluation techniques	Significant unobservable inputs	Relationship between input value and fair value
Non-derivative equity instruments:				
Venture capital stock	$ 4,707	Net assets value method	Lack of market liquidity and minority share discount	Lack of market circulation, the higher the discount, the lower the fair value

I. Sensitivity analysis of changes in significant unobservable inputs

			December 31, 2019			
			Recognize to profit or loss		Recognize to other comprehensive income	
	Input value	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets						
Equity instruments	Lack of market liquidity and minority share discount	10%	$ -	$ -	$ 627	$ 627

			December 31, 2018			
			Recognize to profit or loss		Recognize to other comprehensive income	
	Input value	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets						
Equity instruments	Lack of market liquidity and minority share discount	10%	$ -	$ -	$ 785	$ 785

13. Supplementary disclosures

(1) Significant transactions information:

No.	Items	Footnote
1	Loans to others	None
2	Provision of endorsements and guarantees to others	None
3	Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures)	Table 1
4	Purchase or sale of the same security with the accumulated cost exceeding $300 million or 20% of paid-in capital or more	None
5	Acquisition of real estate reaching $300 million or 20% of paid-in capital or more	None
6	Disposal of real estate reaching $300 million or 20% of paid-in capital or more	None
7	Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more	None
8	Receivables from related parties reaching $100 million or 20% of paid-in capital or more	None
9	Derivative financial instruments undertaken	None

(2) Information on investments: Table 2

(3) Information on investments in Mainland China: None

Table 1

Marketable securities held by the Company as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures) (Expressed in thousands of New Taiwan dollars)

Securities held by	Type	Name	Relationship with the securities issuer	General ledger account	December 31, Number of shares/units (in thousands)	Book value	Ownership (%)	Fair value	Footnote Number of collateral share provided (in thousands)	Collateral amounts
The Company	Stock	Emphasis Materials, Inc.	None	Financial assets at fair value through other comprehensive income - non-current	300	$ -	2	$ -	-	$ -
The Company	Stock	New Castle Investment Development Corp.	None	Financial assets at fair value through other comprehensive income - non-current	0.6	3,759	12	3,759	-	-
The Company	Stock	Znyx Network Co. Perf D	None	Financial assets at fair value through other comprehensive income - non-current	51	-	-	-	-	-
The Company	Stock	Znyx Network Co. Perf E	None	Financial assets at fair value through other comprehensive income - non-current	45	-	-	-	-	-
The Company	Stock	Znyx Network Co. Perf F	None	Financial assets at fair value through other comprehensive income - non-current	26	-	-	-	-	-
The Company	Stock	SinoPac ICE 1 – 3 Year US Treasury ETF	None	Financial assets at fair value mandatory through profit or loss	25	970	-	970	-	-
The Company	Stock	SinoPac STOXX USA 500 ETF	None	Financial assets at fair value mandatory through profit or loss	50	1,054	-	1,054	-	-
The Company	Stock	MediaTek Inc.	None	Financial assets at fair value mandatory through profit or loss	10	4,435	-	4,435	-	-
The Company	Stock	WT Microelectronics Co., Ltd.	None	Financial assets at fair value mandatory through profit or loss	100	4,210	-	4,210	-	-
The Company	Fund	Allianz Income and Growth – AT – USD	None	Financial assets at fair value mandatory through profit or loss	4	2,205	-	2,205	-	-
The Company	Fund	Franklin Templeton SinoAm Global Healthcare Fund (TWD)	None	Financial assets at fair value mandatory through profit or loss	200	1,760	-	1,760	-	-
The Company	Fund	Franklin Templeton SinoAm Emerging Markets Bond Fund B – CNY	None	Financial assets at fair value mandatory through profit or loss	22	891	-	891	-	-
The Company	Fund	Union Money Market Fund	None	Financial assets at fair value mandatory through profit or loss	153	2,030	-	2,030	-	-
The Company	Fund	Hua Nan Kirin Money Market Fund	None	Financial assets at fair value mandatory through profit or loss	174	2,092	-	2,092	-	-
The Company	Fund	Hua Nan Selected Income Multi – Asset Fund – A (TWD)	None	Financial assets at fair value mandatory through profit or loss	300	2,973	-	2,973	-	-
The Company	Fund	Hua Nan IoT Fund	None	Financial assets at fair value mandatory through profit or loss	67	906	-	906	-	-
The Company	Fund	SinoPac CSI 300 Dividend Index Fund	None	Financial assets at fair value mandatory through profit or loss	259	5,018	-	5,018	-	-
The Company	Fund	Capital Global Financial Bond Fund – A Acc TWD	None	Financial assets at fair value mandatory through profit or loss	500	4,977	-	4,977	-	-
The Company	Fund	PineBridge Asia Pacific High Yield Bond Fund – B (USD)	None	Financial assets at fair value mandatory through profit or loss	10	2,785	-	2,785	-	-

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The Company	Fund	PineBridge Frontier Emerging Markets High Yield Bond Fund – A (USD)	None	Financial assets at fair value mandatory through profit or loss	20	6,085	-	6,085	-	-
The Company	Fund	Prudential Financial Emerging Markets Corporate Bond Fund – A SHARE (TWD)	None	Financial assets at fair value mandatory through profit or loss	406	4,753	-	4,753	-	-
The Company	Fund	Prudential Financial US IG Corporate Bond Fund – A (TWD)	None	Financial assets at fair value mandatory through profit or loss	495	4,913	-	4,913	-	-
The Company	Fund	UPAMC Global AIoT Fund (TWD)	None	Financial assets at fair value mandatory through profit or loss	204	2,111	-	2,111	-	-
The Company	Fund	Merian Local Currency Emerging Market Debt Fund – A (USD)	None	Financial assets at fair value mandatory through profit or loss	3	2,080	-	2,080	-	-
The Company	Fund	FSITC Global Wealthy Nations Bond Fund A - TWD	None	Financial assets at fair value mandatory through profit or loss	200	2,001	-	2,001	-	-

Table 1-1

Marketable securities held by Huachien as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures) (Expressed in thousands of New Taiwan dollars)

					December 31,				Footnote	
Securities held by	Type	Name	Relationship the securities issuer	General ledger account	Number of shares/units (in thousands)	Book value	Ownership (%)	Fair value	Number of collateral share provided (in thousands)	Collateral amounts
Huachien	Stock	The Second Credit Corporative of Keelung	None	Financial assets at fair value through other comprehensive income - non-current	0.1	$ 10	-	$ 10	-	$ -

Table 2 Information on investments

Information on investments in which the Company exercise significant influence: (Expressed in thousands of New Taiwan dollars)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognized for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares (in thousands)	Ownership (%)	Book value			
The Company	Huachien	16F, No. 460, sec. 5, Chenggong Rd., Neihu Dist, Taipei City 11490	Residential and building development, sale and rental business	$ 704,993	$ 704,993	18,208	58	$ 356,278	($ 15,382)	($ 9,239)	-
The Company	Dahyoung	16F, No. 460, sec. 5, Chenggong Rd., Neihu Dist, Taipei City 11490	Residential and building development, sale and rental business and wholesale of building material	171,054	171,054	-	-	-	(595)	(455)	1

Note: 1. Dahyoung have been dissolved on December 25, 2019.

14. Segment information

Please refer the consolidated financial statements of Delpha Construction Co., Ltd. for the year ended December 31, 2019.

Delpha Construction Co., Ltd.

Statement of cash and cash equivalents

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Cash			
Petty cash		$ 150	
Cash in banks			
Checking accounts and demand deposits		1	
Demand deposits		35,307	
Foreign currency deposits (Note 1)		65,620	
		100,928	
Total		$ 101,078	

Note 1: Foreign currency deposits

US$	2,180 thousand
CNY	15 thousand
HK$	53 thousand

Delpha Construction Co., Ltd.

Statement of financial assets at fair value through profit or loss

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Name of financial products	Numbers of share/units (in thousands)	Par value	Total	Acquisition costs	Fair value Unit price (in dollars)	Fair value Total
Stock						
SinoPac ICE 1 – 3 Year US Treasury ETF	25	$ 10	$ 250	$ 1,002	$ 38.8000	$ 970
SinoPac STOXX USA 500 ETF	50	10	500	1,002	21.0700	1,054
MediaTek Inc.	10	10	100	4,541	443.5000	4,435
WT Microelectronics Co., Ltd.	100	10	1,000	4,135	42.1000	4,210
				10,680		10,669
Fund						
Allianz Income and Growth – AT – USD	4	10	40	2,159	559.7300	2,205
Franklin Templeton SinoAm Global Healthcare Fund (TWD)	200	10	2,000	2,006	8.8000	1,760
Franklin Templeton SinoAm Emerging Markets Bond Fund B – CNY	22	10	220	1,016	40.5187	891
Union Money Market Fund	153	10	1,530	2,011	13.2541	2,030
Hua Nan Kirin Money Market Fund	174	10	1,740	2,128	12.0171	2,092
Hua Nan Selected Income Multi – Asset Fund – A (TWD)	300	10	3,000	3,013	9.9100	2,973
Hua Nan IoT Fund	67	10	670	796	13.6100	906
SinoPac CSI 300 Dividend Index Fund	259	10	2,590	5,010	19.3700	5,018
Capital Global Financial Bond Fund – A Acc TWD	500	10	5,000	5,023	9.9528	4,977
PineBridge Asia Pacific High Yield Bond Fund – B (USD)	10	10	100	2,943	287.3583	2,785
PineBridge Frontier Emerging Markets High Yield Bond Fund – A (USD)	20	10	200	6,119	304.2490	6,085

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Prudential Financial Emerging Markets Corporate Bond Fund – A SHARE (TWD)	406	10	4,060	4,815	11.7150	4,753
Prudential Financial US IG Corporate Bond Fund – A (TWD)	495	10	4,950	4,955	9.9344	4,913
UPAMC Global AIoT Fund (TWD)	204	10	2,040	2,038	10.3600	2,111
Merian Local Currency Emerging Market Debt Fund – A (USD)	3	10	30	2,072	777.0636	2,080
FSITC Global Wealthy Nations Bond Fund A - TWD	200	10	2,000	2,000	10.0027	2,001
				48,104		47,580
Total				$ 58,784		$58,249

Delpha Construction Co., Ltd.

Statement of notes receivable

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Notes receivable - non-related parties			
Customer A		$ 18	
Less: allowance for doubtful accounts		-	
Total		$ 18	

Statement of other receivables

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Receivables of refund of shares from liquidated investment		$ 39,311	
Other receivables - other		16,245	
Accrued revenue	Interest receivable	127	
		55,683	
Less: allowance for doubtful accounts		(16,245)	
Total		$ 39,438	

Delpha Construction Co., Ltd.

Statement of inventories

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Case	Cost	Net realizable value	Valuation allowance	Note
Lands for sale and buildings for sale	Li Hsiang Jia A	$ 1,762	$ -	($ 1,762)	
	Sheng Huo Jia A	5,346	7,236	-	
	Ya Dian Wang chao A	456	-	(456)	
	Ya Dian Wang chao B	1,722	-	(1,722)	
	Hang sha	8,314	10,035	-	
	Shi Tan Duan A	125,477	138,359	-	
		143,077	155,630	(3,940)	
Lands held for construction and construction in progress	Shu Lin An	198,192	126,100	(72,092)	
	Sheug Huo Jia B	9,153	6,682	(2,471)	
	Hsin Dian He Feng	632,155	331,389	(300,766)	
	Fu De Duan B	423	789	-	
	Hsin Guang Lu B	2,217	3,701	-	
	Rong Hsing Duan	84,339	87,061	-	
	Huai Sheng Duan	1,427,034	1,557,019	-	
	Yun He Jie A	705,363	1,510,628	-	
	Yun He Jie B	1,712	3,666	-	
	Wen Lin Bei Lu	286,148	276,021	(10,127)	
		3,346,736	3,903,056	(385,456)	
Total		$ 3,489,813	$ 4,058,686	($ 389,396)	

Note：For details of inventories pledged as collateral, please refer to Note 8.

Delpha Construction Co., Ltd

Statement of construction in progress

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Case	January 1	Construction cost	Construction expense	Capitalized interest	Transfer	December 31
Shu Lin An	$ 85,821	$ -	$ -	$ -	$ -	$ 85,821
Sheng Huo Jia B	1,350	-	-	-	-	1,350
Hsin Dian He Feng	148,391	-	-	-	-	148,391
Rong Hsing Duan	3,811	-	6,572	516	-	10,899
Huai Sheng Duan	6,003	-	2,114	-	-	8,117
Yun He Jie A	72,460	-	5,767	5,682	-	83,909
Wen Lin Bei Lu	-	-	976	-	-	976
Total	$ 317,836	$ -	$ 15,429	$ 6,198	$ -	$ 339,463

Statement of prepayments

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Prepayment			
Prepayment for purchases		$ 40,000	
Prepaid consignment service fee		94,725	
Prepaid other expense		622	
Remaining tax credit		12,529	
Other advances		194	
Total		$ 148,070	

Please refer to Note 6(7) for details of other financial assets – current.

Delpha Construction Co., Ltd.

Statement of financial assets at fair value through other comprehensive income - non-current

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

	Balance, January 1		Increase		Decrease		Balance, December 31				
Company	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Type	Shares (in thousands)	Amount	Accumulated impairment	Collateral
Emphasis Materials, Inc.	300	$ -	-	$ -	-	$ -	Common stock	300	$ -	Not applicable	None
New Castle Investment Development Corp.	0.6	4,707	-	1,027	-	(1,975)	Common stock	0.6	3,759	Not applicable	None
Znyx Network Co. Pref D	51	-	-	-	-	-	Preferred stock	51	-	Not applicable	None
Znyx Network Co. Pref E	45	-	-	-	-	-	Preferred stock	45	-	Not applicable	None
Znyx Network Co. Pref F	26	-	-	-	-	-	Preferred stock	26	-	Not applicable	None
Total		$ 4,707		$ 1,027		($ 1,975)			$ 3,759		

Note: The increase of New Castle Investment Development Corp. in the current period is the adjustment of fair value $1,027 thousand recognized at the end of the period, and the decrease in the current period is the capital reserve reduction of $1,975 thousand.

Statement of changes in investments accounted for under equity method

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

	Balance, January 1, 2019		Increase		Decrease				Balance, December 31, 2019			Net Assets value				
Investees	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Investment income (loss)	Other comprehensive income (loss)	Type	Shares (in thousands)	Amount	Total amount	Unit price (NT$)	Ownership %	Valuation method	Collateral
Huachien	18,208	$ 350,011	-	$ 15,506	-	$ -	($ 9,239)	$ -	Common stock	18,208	$ 356,278	$ 610,482	$ 19.57	58%	Equity method	None
Dahyoung	3,869	39,592	-	-	3,869	39,444	(455)	307	-	-	-	-	-	-	Equity method	None
Total		$ 389,603		$ 15,506		$ 39,444	($ 9,694)	$ 307			$ 356,278					

Note: 1. The increase in Huachien in current period is due to the adjustment of disposal of parent company's shares deem as treasury stock transaction by a subsidiary.

2. The decrease in Dahyoung in the current period is the reversal adjustment due to the dissolution of Dahyoung and the Company lost its control.

Delpha Construction Co., Ltd.

Statement of right–of–use assets

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Balance, January 1	Increase	Decrease	Balance, December 31	Note
Cost					
Transportation equipment	$ 1,396	$ 927	($ 1,067)	$ 1,256	
Accumulated depreciation					
Transportation equipment	$ -	$ 1,103	($ 453)	$ 650	

Statement of other non-current assets

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Refundable deposits	Security deposits of car rental	$ 950	
	Security deposits on cooperation case at Rong Hsing Duan	28,189	
	Deposit for the green building on Yun He Jie A	1,565	
	Other	463	1
Total		$ 31,167	
Other assets - other	Artworks and paintings	$ 5,552	

Note 1: No item included in ''Other'' exceeded 5 % of the total balance.

For details of property, plant and equipment, please refer to Note 6(9).

For details of accumulated depreciation and impairment loss of property, plant and equipment, please refer to Note 6(9).

Delpha Construction Co., Ltd.

Statement of short-term borrowings

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Bonds name	Purposes	Amount	Contract period	Rate	Total amount	Note
Far Eastern International Bank	Mortgage	$ 200,000	2019.12.17 - 2020.03.16	1.60%	$ 500,000	1
The Shanghai Commercial & Saving Bank	Mortgage	82,000	2019.10.30 - 2020.10.30	1.55%	100,000	1
		$ 282,000			$ 600,000	

Note 1: For details of pledged of asset, please refer to Note 8.

Statement of accounts payable

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Customer	Description	Amount	Note
Non-related parties:			
Home Deluxe Enterprise Co., Ltd.		$ 10,592	
Kawabishi Industrial		1,184	
Others		8,710	1
Total		$ 20,486	

Note 1: No item included in ''Others'' exceeded 5 % of the total balance.

Delpha Construction Co., Ltd.

Statement of other payable

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Accrued expenses	Salary and wages payable	$ 2,788	
	Year-end bonus payable	4,519	
	Interest payable	223	
	Services fee payable	6,511	
	Others	586	1
Total		$ 14,627	

Note 1: No item included in ''Others'' exceeded 5 % of the total balance.

For details of provision for liabilities - current, please refer to Note 6(18).

Statement of lease liabilities

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Description	Contract period	Discount rate	Balance, December 31, 2019	Note
Transportation equipment	Company car	2019.07.31 - 2020.07.30	1.880%	$ 113	
Transportation equipment	Company car	2018.12.15 - 2020.12.14	1.469%	487	
Total				$ 600	

Statement of other current liabilities - other

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Receipt in advance	Other advance	$ 26,387	
Other current liabilities – other	Receipts under custody	257	
Total		$ 26,644	

For details of long–term borrowing, please refer to Note 6(16).

Delpha Construction Co., Ltd.

Statement of non-current liabilities

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Net defined benefit liabilities		$ 2,147	
Guarantee deposits received	Rental deposits	9,305	
Total		$ 11,452	

Statement of net revenue

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Sales for buildings			
Shi Tan Duan A		$ 2,000	
Rental			
Hang Sha		91	
Rong Hsing Duan		252	
Yue Du Ou Zhou		91	
Shu Lin An		34	
Huai Sheng Duan		601	
Total		$ 3,069	

Delpha Construction Co., Ltd

Statement of cost of revenue

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Amount
Construction in progress, January 1	$ 317,836
Add: Additions during the year	21,627
Construction in progress, December 31	(339,463)
Cost of construction	-
Buildings for sales, January 1	48,750
Add: cost of renovation work	1,905
Buildings for sales, December 31	(48,750)
Operation cost for buildings	1,905
Lands held for construction, January 1	2,970,517
Add: Additions during the year	36,756
Lands held for construction, December 31	(3,007,273)
Lands for sales, January 1	94,327
Lands for sales, December 31	(94,327)
Operating cost for lands	-
Total	$ 1,905

Statement of selling expenses

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Salary	$ 1,411	
Advertising	316	
Miscellaneous	96	
Others	60	1
Total	$ 1,883	

Note 1: No item included in ''Others'' exceeded 5 % of the total balance.

Delpha Construction Co., Ltd

Statement of general & administrative expenses

For the Year Ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note
Salary	$	39,817	
Taxes		3,379	
Miscellaneous		3,363	
Others		19,028	1
Total	$	65,587	

Note 1: No item included in ''Others'' exceeded 5 % of the total balance.

For details of other income, please refer to Note 6(23).

For details of other gains and losses, please refer to Note 6(24).

For details of financial costs, please refer to Note 6(27).

Delpha Construction Co., Ltd

Statement of labor, depreciation and amortization by function

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Classification / Nature	For the year ended December 31,					
	2019			2018		
	Classified as cost of revenue	Classified as operating expenses	Total	Classified as cost of revenue	Classified as operating expenses	Total
Labor cost						
Salary and bonus – non-director employees	$ -	$ 32,865	$ 32,865	$ -	$ 33,847	$ 33,847
Director's remuneration	-	8,520	8,520	-	8,977	8,977
Labor and health insurance	-	2,545	2,545	-	2,551	2,551
Pension	-	1,618	1,618	-	1,843	1,843
Others	-	1,301	1,301	-	1,787	1,787
Depreciation	-	2,721	2,721	-	2,312	2,312

1. For the years ended December 31, 2019 and 2018, the number of employees of the Company was 38 and 39 respectively, in which 7 employees for both years ended, also acted as director of the Company.

2. The Company's average employee welfare expenses in 2019 and 2018 were 1,236 thousand and $1,251 thousand, respectively, the average employee salary expenses were $1,060 thousand and $1,058 thousand, respectively and the average employee salary expenses increased by 0.19%.