Stock code: 2530

Delpha Construction Co., Ltd.
Parent Company Only Financial Statements
For the Years Ended December 31, 2020 and 2019
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 parent company only balance sheets of Delpha Construction Co., Ltd. (the "Company") as of December 31, 2020 and 2019, and the related parent company only financial statements of comprehensive income, changes in equity and cash flows for the years then ended and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the **Independent auditor's responsibilities for the audit of the parent company only financial statements** section of our report. We are independent of the Company in accordance with the 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, 2020. 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 64% 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 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 for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Kuang-Hui Yao. Yu-Lin

Chen, Kuang- Hui Yao, Yu-Lin

For and on behalf of ShineWing CPAs
March 30, 2021
Taipei, Taiwan
Republic of China

Notice to Readers

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, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

		December 31,			
Assets	Notes	2020	%	2019	%
Current assets					
Cash and cash equivalents	6.(1)	$ 1,834,819	24	$ 101,078	3
Financial assets at fair value through profit or loss	6.(2)	-	-	58,249	1
Notes receivable, net	6.(4)	90	-	18	-
Other receivables	6.(5)	39,998	-	39,438	1
Current income tax assets		413	-	360	-
Inventories	6.(6) and 8	4,875,120	64	3,100,417	74
Prepayments		215,909	3	148,070	4
Other financial assets	6.(7) and 8	211,021	3	267,194	6
Other current assets		950	-	-	-
		7,178,320	94	3,714,824	89
Non-current assets					
Financial assets at fair value through other comprehensive income or loss	6.(3)	2,898	-	3,759	-
Investments accounted for under equity method	6.(8)	347,836	4	356,278	9
Property, plant and equipment	6.(9) and 8	57,139	1	57,435	1
Right–of–use asset	6.(10)	-	-	606	-
Refundable deposits	7	60,717	1	31,167	1
Net defined benefit assets – non-current	6.(16)	3,119	-	-	-
Other non-current assets		5,552	-	5,552	-
		477,261	6	454,797	11
Total assets		$ 7,655,581	100	$ 4,169,621	100

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Delpha Construction Co., Ltd.
Parent company only balance sheets

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

		December 31,			
Liabilities and equity	Notes	2020	%	2019	%
Current liabilities					
Short-term borrowings	6.(13) and 8	$ 915,000	12	$ 282,000	7
Contract liabilities	6.(22)	342,486	5	187,130	5
Notes payable	6.(14)	1,723	-	-	-
Accounts payable	6.(14)	48,217	1	20,486	-
Accounts payables – related parties	6.(14) and 7	94,571	1	-	-
Other payables		8,802	-	14,627	-
Provisions for liabilities	6.(17)	761	-	644	-
Current lease liabilities		-	-	600	-
Receipts in advances	7	26,446	-	26,387	1
Long-term borrowings - current portion	6.(15) and 8	60,000	1	513,000	12
Other current liabilities		170	-	257	-
		1,498,176	20	1,045,131	25
Non-current liabilities					
Net defined benefit liabilities - non-current	6.(16)	-	-	2,147	-
Guarantee deposits		9,269	-	9,305	-
		9,269	-	11,452	-
Total liabilities		1,507,445	20	1,056,583	25
Equity					
Common stock	6.(19)	5,207,525	68	2,707,525	65
Capital surplus	6.(20)	658,613	8	9,141	-
Retained earnings:	6.(21)				
Legal reserve		237,247	3	237,247	6
Special reserve		3,789	-	24,199	1
Unappropriated earnings		40,402	1	138,715	3
Other equity interest		560	-	(3,789)	-
Total equity		6,148,136	80	3,113,038	75
Total liabilities and equity		$ 7,655,581	100	$ 4,169,621	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, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31, 2020	%	2019	%
Revenue	6.(22) and 7	$ 79,624	100	$ 3,069	100
Cost of revenue	6.(6)	(61,950)	(78)	(1,905)	(62)
Gross profit		17,674	22	1,164	38
Operating expenses					
Selling expenses	6.(25)	(2,618)	(3)	(1,883)	(61)
General & administrative expenses	6.(25)	(77,601)	(97)	(65,587)	(2,137)
		(80,219)	(100)	(67,470)	(2,198)
Loss from operations		(62,545)	(78)	(66,306)	(2,160)
Non-operating income and expenses					
Other income	6.(23)	4,851	6	8,589	280
Other gains and losses	6.(24)	(17,298)	(22)	6,767	220
Finance costs	6.(27)	(5,203)	(6)	(8,052)	(262)
Share of loss of subsidiaries, affiliates and joint ventures accounted for under equity method		(8,442)	(11)	(9,694)	(316)
		(26,092)	(33)	(2,390)	(78)
Loss before income tax		(88,637)	(111)	(68,696)	(2,238)
Income tax expense	6.(28)	(1,008)	(1)	-	-
Net loss for the year		(89,645)	(112)	(68,696)	(2,238)
Other comprehensive income					
Component of other comprehensive income that will not be reclassified to profit or loss					
Remeasurement of defined benefit obligation		111	-	1,666	54
Unrealized profit on valuation of investments in equity instruments at fair value through other comprehensive income		986	1	1,334	43
Income tax expenses related to components that will not be reclassified to profit or loss		-	-	-	-
Total other comprehensive income for the year		1,097	1	3,000	97
Total comprehensive loss for the year		($ 88,548)	(111)	($ 65,696)	(2,141)
Earnings per share (In New Taiwan dollars)	6.(29)				
Basic earnings per share		($ 0.32)		($ 0.25)	

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, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

			Retained earnings			Other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Treasury stock	Total equity
Balance, January 1, 2019	$ 2,707,525	$ 11,381	$ 234,560	$ 18,758	$ 305,262	($ 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 the Company's shares deemed as treasury stock transaction by a subsidiary	-	(2,290)	-	-	(9,965)	-	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
Appropriation of prior year's earnings:								
Reversal of special capital reserve	-	-	-	(20,410)	20,410	-	-	-
Cash dividends	-	-	-	-	(27,075)	-	-	(27,075)
Expired and unclaimed dividend transfer to legal reserve	-	38	-	-	-	-	-	38
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(2,114)	3,363	-	1,249
Capital injection by cash	2,500,000	649,433	-	-	-	-	-	3,149,433
Other	-	1	-	-	-	-	-	1
	5,207,525	658,613	237,247	3,789	129,936	(426)	-	6,236,684
Net loss for the year	-	-	-	-	(89,645)	-	-	(89,645)
Other comprehensive income for the year	-	-	-	-	111	986	-	1,097
Total other comprehensive income (loss) for the year	-	-	-	-	(89,534)	986	-	(88,548)
Balance, December 31, 2020	$ 5,207,525	$ 658,613	$ 237,247	$ 3,789	$ 40,402	$ 560	$ -	$ 6,148,136

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, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2020	2019
Cash flows from operating activities		
Loss before income tax for the year	($ 88,637)	($ 68,696)
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation	2,192	2,721
Gain from lease modification	-	(1)
Interest income	(1,323)	(4,652)
Dividend income	(8)	-
Net loss (gain) on financial assets at fair value through profit or loss	8,372	(5,901)
Interest expense	5,203	8,052
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	8,442	9,694
Loss on disposal of property, plant and equipment	17	-
Loss (gain) on foreign exchange, net	4,448	(1,018)
Loss on disposal of investments	-	133
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	49,877	(2,869)
(Increase) decrease in notes receivable	(72)	36
(Increase) decrease in other receivables	(625)	2
Increase in inventories	(1,765,079)	(52,185)
Increase in prepayments	(67,839)	(94,412)
Decrease (increase) in other financial assets	56,173	(64,146)
Increase in other current assets	(950)	-
Increase in contract liabilities	155,356	185,130
Increase (decrease) in notes payable	1,723	(209)
Increase in accounts payable	27,731	129
Increase in accounts payable - related parties	94,571	-
(Decrease) increase in other payables	(6,245)	3,307
Increase in provisions for liabilities	117	22
Increase (decrease) in receipts in advances	59	(51)
(Decrease) increase in other current liabilities	(87)	8
Decrease in receipt in net defined benefit liabilities	(5,155)	(6,569)
Cash used in operations	(1,521,739)	(91,475)
Interest received	1,437	5,138
Interest paid	(14,403)	(14,152)
Dividend received	8	-
Income taxes paid (including land value increment tax)	(1,061)	(267)
Net cash used in operating activities	(1,535,758)	(100,756)

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

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

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	For the year ended December 31,	
	2020	2019
Cash flows from investing activities		
Refund of capital from financial assets at fair value through other comprehensive income after capital liquidation	1,200	-
Refund of capital from financial assets at fair value through other comprehensive income after capital reduction	1,847	1,975
Acquisition of property, plant and equipment	(1,307)	(208)
Increase in refundable deposits	(29,550)	(17,916)
Increase in other non–current assets	-	(3,822)
Net cash used in investing activities	(27,810)	(19,971)
Cash flows from financing activities		
Increase in short-term borrowings	633,000	282,000
Decrease in short-term notes and bills payable	-	(319,983)
Increase in long-term borrowings	60,000	-
Repayment of long-term borrowings	(513,000)	-
Payments of lease liability	(604)	(1,082)
Decrease in guarantee deposits	(36)	-
Expired and unclaimed dividend transfer to legal reserve	38	50
Capital injection by cash	3,149,433	-
Payment of cash dividends	(27,075)	(81,225)
Disgorgement	1	-
Net cash generated from (used in) financing activities	3,301,757	(120,240)
Effect of exchange rate changes on cash and cash equivalents	(4,448)	1,018
Increase (decrease) in cash and cash equivalents	1,733,741	(239,949)
Cash and cash equivalents at beginning of year	101,078	341,027
Cash and cash equivalents at end of year	$ 1,834,819	$ 101,078

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 30, 2021.

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 2020 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Disclosure Initiative – Definition of Material (amendments to IAS 1 and IAS 8)	This amendment clarifies the definition of materiality. This information is material: if the omission, misstatement or confusion of information can be reasonably expected to influence the economic decisions made by the primary users of general-purpose financial statements based on the financial information provided by those financial statements, which provide financial information about a specific reporting entities.	January 1, 2020
Definition of a Businesses (amendments to IFRS 3)	The amendments clarify the definition of a business, that to be considered a business an acquired set of the activities and assets, must include, at a minimum, an input and a substantive process that together must significantly contribute to creating outputs; narrowed the definitions of a business by focusing on the outputs on goods and services provided to customers and removing the reference to the ability to reduce costs, removing the assessment of whether the market participants have capable of acquiring the business and continuing to produce outputs; remove the assessment of whether market participants are capable of replacing any missing inputs or	January 1, 2020

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	processes and continuing to produce outputs. In addition, entities can choose to apply a concentration test, when the fair value of the acquired total assets is mostly derived from a single asset (or a group of similar assets), no further evaluation is required to determine that the acquired asset is not a business.	
Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7)	This amendment is to provide certain reliefs related to hedging accounting, which will prevent those who have previously adopted hedging accounting from being terminated due to changes in interest rate indicators, and require disclosure of relevant information that uses this relief.	January 1, 2020
Covid-19 – Related Rent Concessions (amendments to IFRS 16)	The amendment provide a practical expedient that permits lessees, if all of the following conditions are met to apply rent concessions occurring as a direct consequence of the covid-19 pandemic and may choose not to assess whether it is a lease modification, and any change in lease payments caused by the rent concession will be treated as a variable lease payment during the concession period:	June 1, 2020 (Early application from January 1, 2020 is allowed by FSC)

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(1) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(2) any reduction in lease payments affects only payments due on or before 30 June 2021; and

(3) there is no substantive change to other terms and conditions of the lease.

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

(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 2021 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Amendments to IFRS 4, "Extension of the Temporary Exemption from Applying IFRS 9"	The temporary exemption from applying IFRS 9 been extended to January 1, 2023.	January 1, 2021
Interest Rate Benchmark Reform — Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	This amendment addresses the problems arising during the change of interest rate indicators, including one interest rate indicator replaced with another interest rate indicator. For the IBOR-based contracts, it provides accounting treatment for the changes in the basis for determining the contractual cash flow as a result of	January 1, 2021

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	IBOR reform; and for those adopting hedging accounting, the reliefs are provided in phase 1 for the expiration date of the non-contractually specified risk components in the hedging relationship, an additional temporary relief for adopting the specific hedging accounting, and the additional IFRS 7 disclosures related to the IBOR reform.	

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
Reference to the Conceptual Framework (amendments to IFRS 3)	The amendments updated the definition of assets and liabilities reference to the "Conceptual Framework for Financial Reporting" issued in 2018 in respect of how an acquirer to determine what constitutes an asset or a liability during a business merger. Due to the above amendment, the amendment also added an exception to the recognition principle of IFRS 3 for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.	January 1, 2022

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	Due to the above index amendment, this amendment adds an exception to the recognition principle for liabilities and contingent liabilities. For certain types of liability and contingent liabilities, reference should be made to IAS 37 "Provisions, Contingent Liabilities and Contingent" or International Financial Reporting Interpretations Committee ("IFRIC") 21 Levies", instead of the aforementioned "Conceptual Framework of Financial Reporting" issued in 2018. At the same time, this amendment also clarifies that the acquirer shall not recognize contingent assets under IAS 37 on the acquisition 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	January 1, 2023

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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).

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 group of insurance contract during the period when the entity provides insurance coverage and when the entity releases the risk. The

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	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.	
Insurance Contracts (amendments to IFRS 17)	This amendment includes the deferral of effective date, the expected recovery of the cash flow obtained by insurance, the contractual service margin attributable to investment services, the reinsurance contract held, the recovery of losses and other amendments. These amendments have not changed the basics of the standard in principle.	January 1, 2023
Classification of Liabilities as Current or Non-current (amendments to IAS 1)	This amendment clarifies that the classification of liabilities is based on the rights existing at the end of the reporting period. At the end of the reporting period, the enterprise does not have the right to defer the settlement period of liabilities for at least 12 months after the reporting period, and the liabilities should be classified as current. In addition, this amendment defines "settlement" of a liability is the extinguishment of the liability with cash or other economic resources or the enterprise's own equity instruments.	January 1, 2023

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Property, Plant and Equipment - Proceeds before Intended Use (amendments to IAS 16)	This amendment prohibits enterprise from deducting the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management, such as samples produced for testing whether the asset is operating normally . The price of selling such items and the cost of production should be recognized in profit or loss. This amendment also stated that testing whether an asset is operating normally means assessing its technical and physical performance, and has nothing to do with the financial performance of the asset.	January 1, 2022
Onerous Contracts - Cost of Fulfilling a Contract (amendments to IAS 37)	This amendment clarifies that the cost of fulfilling the contract includes the cost directly related to the contract. The cost directly related to the contract is composed of the allocation of the incremental cost of fulfilling the contract and other costs directly related to the fulfilling of the contract.	January 1, 2022
Annual improvements - 2018-2020 cycle	(1) IFRS 1"Subsidiary as first-time adopter" This amendment allows the subsidiaries select to adopt IFRS 1 that are exempted from paragraph D16(a) of IFRS No. 1, when	January 1, 2022

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measuring cumulative conversion differences, should use the carrying amount of cumulative conversion differences included in the parent company's consolidated financial statements on the date of the parent company's convert to IFRS. This amendment also applies to affiliates and joint ventures that are exempted from paragraph D16(a) of IFRS 1.

(2) Amendments to IFRS 9 "Fees in the '10 per cent' Test for Derecognition of Financial Liabilities"

This amendment stipulates that the expenses that should be included in the 10% test of financial liabilities are excluded. Enterprise may pay the costs or fees to third parties or lenders. According to this amendment, the cost or expense paid to third parties is not included in the 10% test.

(3) IAS 41 "Taxation in Fair Value Measurements"

This amendment of IAS 41 is to remove the requirement of using pre-tax cash flows when measuring the fair value of a biological asset.

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, except for those that comply with cash flow hedging and net investment hedging and are deferred to other comprehensive gains and losses.

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

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. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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. Notes 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) 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.

(23) 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.

(24) Earnings per shares

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

(25) 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 common stocks on the effective date of new shares issuance.

5. Critical accounting judgments, 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, 2020, the Company's carrying amount of inventories is $4,875,120 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and working capital	$ 150	$ 150
Checking accounts and demand deposits	1,834,669	100,928
Total	$ 1,834,819	$ 101,078

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. The Company did not pledge its cash and cash equivalents.

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

	December 31, 2020	December 31, 2019
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ -	$ 10,669
Beneficiary certificates	-	47,580
Total	$ -	$ 58,249
Current	$ -	$ 58,249
Non-current	-	-
Total	$ -	$ 58,249

A. The Company recognized a loss on valuation of $8,372 thousand and an gain on valuation of $5,901 thousand in 2020 and 2019, 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, 2020	December 31, 2019
Investments in equity instrument measured at fair value through other comprehensive income:		
Unlisted equity investments	$ 2,898	$ 3,759
Current	$ -	$ -
Non-current	2,898	3,759
Total	$ 2,898	$ 3,759

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 dissolve by resolution. At the extraordinary shareholders meeting on June 4, 2020 resolved that the reference date for completion of liquidation was May 5, 2020, and part of the shares of $1,200 thousand was recovered in 2020 after the completion of liquidation.

C. Vincera Growth Capital II Limited adopted July 1, 2020 as the reference date for the application of capital reduction and refund. After the capital reduction, the Company recovered the capital of $1,847 thousand.

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

E. The profit recognized by the Company in other comprehensive income in 2020 and 2019 were $986 thousand and $1,027 thousand, respectively.

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

(4) Notes receivable and accounts receivable

	December 31,	
	2020	2019
Notes receivable	$ 90	$ 18
Less: allowance for doubtful accounts	-	-
	90	18
Accounts receivable	-	-
Less: allowance for doubtful accounts	-	-
	-	-
Total	$ 90	$ 18

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, 2020 and 2019 was the carrying amount of each class of accounts receivable and notes receivables.

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

	December 31, 2020	December 31, 2019
Not past due	$ 90	$ 18
Past due less than 1 month	-	-
Past due 1 - 3 months	-	-
Past due 3 - 6 months	-	-
Past due over 6 months	-	-
Total	$ 90	$ 18

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

December 31, 2020	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	$ 90	$ -	$ 90
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		$ 90	$ -	$ 90

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

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

(5) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	$ 56,243	$ 55,683
Less: allowance for doubtful accounts	(16,245)	(16,245)
Total	$ 39,998	$ 39,438

(6) Inventories

	December 31, 2020	December 31, 2019
Lands for sale	$ 52,141	$ 94,327
Buildings for sale	28,986	48,750
Lands held for construction	4,716,928	3,007,273
Construction in progress	466,461	339,463
Less: allowance for decline in market value and obsolescence	(389,396)	(389,396)
Total	$ 4,875,120	$ 3,100,417

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

	December 31, 2020		December 31, 2019	
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	43,261	20,266	85,447	40,030
Total	$ 52,141	$ 28,986	$ 94,327	$ 48,750

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

	December 31,			
	2020		2019	
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	68,337	73,440	10,899
Huai Sheng Duan	1,418,917	13,964	1,418,917	8,117
Yun He Jie A	621,454	144,210	621,454	83,909
Yun He Jie B	1,712	-	1,712	-
Wen Lin Bei Lu	285,172	976	285,172	976
Xin Bi Duan	875,582	1,863	-	-
Le Jie Duan A	517,902	1,514	-	-
Qing Xi Duan A	316,171	35	-	-
Total	$ 4,716,928	$ 466,461	$ 3,007,273	$ 339,463

C. For the years ended December 31, 2020 and 2019, the interest capitalized as cost of inventory amounted to $9,624 thousand and $6,198 thousand, respectively. Annual interest rate used for capitalization for the years ended December 31, 2020 and 2019 were 1.7186% and 1.9118%, respectively.

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

E. Significant information on construction projects.

(A)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, Huai Sheng Duan, Yun He Jie B, Wen Lin Bei Lu, Xin Bi Duan, Le Jie Duan A and Qing Xi Duan A. The Company is not able to estimate cost and revenue.

(B) As of December 31, 2020, the Yun He Jie A and the Rong Hsing Duan were contracted for $285,921 thousand and $218,952 thousand respectively, and the $50,219 thousand and $52,868 thousand were paid respectively.

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
Cost of sales	$ 61,950	$ 1,905
Impairment loss	-	-
Total	$ 61,950	$ 1,905

(7) Other financial assets

	December 31, 2020	December 31, 2019
Time deposits	$ 55,000	$ 172,792
Cash in bank	156,021	94,402
Total	$ 211,021	$ 267,194
Current	$ 211,021	$ 267,194
Non-current	-	-
Total	$ 211,021	$ 267,194

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	2020	Ownership %	2019	Ownership %
Non-listed company				
Huachien Development Co., Ltd. (Huachien)	$ 347,836	58	$ 356,278	58
Dahyoung Real Estate Development Co., Ltd. (Dahyoung)	-	-	-	-
Total	$ 347,836		$ 356,278	

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,	
	2020	2019
Current assets	$ 1,251,278	$ 1,266,325
Non-current assets	67,609	65,855
Current liabilities	(721,834)	(720,822)
Non-current liabilities	(1,036)	(876)
Total net assets	$ 596,017	$ 610,482
Share of net assets of the associate	$ 347,836	$ 356,278
Goodwill	-	-
Carrying amount of the associate	$ 347,836	$ 356,278

Statement of comprehensive income

	Huachien	
	For the year ended December 31,	
	2020	2019
Revenue	$ 7,782	$ 7,158
Net loss for the year	(14,465)	(15,832)
Other comprehensive loss, net of tax	-	(1,033)
Total comprehensive loss for the year	($ 14,465)	($ 16,865)
Dividends received from the associate	$ -	$ -

(9) Property, plant and equipment

	Lands	Buildings	Transportation equipment	Office equipment	Other equipment	Total
Cost						
At January 1,2020	$ 36,006	$ 35,658	$ 639	$ 5,870	$ 257	$ 78,430
Additions	-	101	-	1,206	-	1,307
Disposals and scrapped	-	(103)	-	(250)	-	(353)
At December 31, 2020	$ 36,006	$ 35,656	$ 639	$ 6,826	$ 257	$ 79,384
At January 1, 2019	$ 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, 2020	$ -	$ 15,113	$ 280	$ 5,381	$ 221	$ 20,995
Depreciation	-	1,286	79	213	8	1,586
Disposals and scrapped	-	(86)	-	(250)	-	(336)
At December 31, 2020	$ -	$ 16,313	$ 359	$ 5,344	$ 229	$ 22,245
At January 1, 2019	$ -	$ 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, 2020	$ 36,006	$ 19,343	$ 280	$ 1,482	$ 28	$ 57,139
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

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, 2020 and 2019, the Company's lease payment for short-term lease commitments were $199 thousand.

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

	December 31, 2020	For the year ended December 31, 2020	December 31, 2019	For the year ended December 31, 2019
	Carrying amount	Depreciation	Carrying amount	Depreciation
Transportation equipment	$ -	$ 606	$ 606	$ 1,103

D. Movements in right-of-use asset were as follows:

	Transportation equipment
January 1, 2020	$ 606
Depreciation	(606)
December 31, 2020	$ -

	Transportation equipment
January 1, 2019	$ 1,396
Additions	927
Depreciation	(1,103)
Lease modification	(614)
December 31, 2019	$ 606

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

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

	For the year ended December 31,	
Items affecting profit or loss	2020	2019
Interest expense on lease liabilities	($ 4)	($ 16)
Expense on short-term lease contracts	($ 225)	($ 230)
Expense on lease of low-value assets	($ 134)	($ 141)

G. The total cash outflow for the leases of the Company in 2020 and 2019 amounted to $963 thousand and $1,453 thousand, respectively.

(11) Leasing arrangements as lessor

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 respectively recognized the rental income from operating lease contracts of $820 thousand and $1,069 thousand in 2020 and 2019, of which none of the rental income were recognized as variable lease payments.

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

	December 31,	
	2020	2019
At December 31, 2020	$ -	$ 881
At December 31, 2021	141	95
At December 31, 2022	34	-
At December 31, 2023	25	-
Total	$ 200	$ 976

(12) Impairment of non-financial assets

For the years ended December 31, 2020 and 2019, the Company did not recognize an impairment loss or gain on reversal of impairment loss of property, plant and equipment.

(13) Short-term borrowings

	December 31, 2020	December 31, 2019
Secured borrowings	$ 915,000	$ 282,000
Interest rate range (%)	1.30 ~ 1.60	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) Notes payable and accounts payable

	December 31, 2020	December 31, 2019
Notes payable	$ 1,723	$ -
Accounts payable	36,991	362
Estimated accounts payable	11,226	20,124
Subtotal	48,217	20,486
Accounts payable - related parties	94,571	-
Total	$ 144,511	$ 20,486

(15) Long-term borrowings

Details	December 31, 2020	December 31, 2019
Secured long-term borrowings		
- To be expired and repaid in a one-off payment in August, 2023, with floating interest rate. The interest rate as of December 31, 2020 was 1.945%	$ 60,000	$ -
- 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 2017, 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 November 2020, with floating interest rate. The interest rate as of December 31, 2019 was 2.05%.	-	403,000
- Originally expire and repay in a one-off payment in October, 2019. In July 2017, 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 November 2020, with floating interest rate. The interest rate as of December 31, 2019 was 2.05%.	-	110,000
Total	60,000	513,000
Less: long-term borrowings expired within an operating cycle	(60,000)	(513,000)
Net	$ -	$ -

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

Due by	Amount
December 31, 2023	$ 60,000

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

(16) 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,	
	2020	2019
Present value of funded obligations	($ 20,106)	($ 26,701)
Fair value of plan assets	23,225	24,554
Net defined benefit assets (liabilities)	$ 3,119	($ 2,147)

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

For the year ended December 31, 2019	Present value of funded obligations	Fair value of plan assets	Net defined benefit liabilities
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)
Remeasurements:			
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)

For the year ended December 31, 2020	Present value of funded obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1	($ 26,701)	$ 24,554	($ 2,147)
Current services costs	(138)	-	(138)
Interest (expense) income	(187)	172	(15)
	(27,026)	24,726	(2,300)
Remeasurements:			
Impact of change in financial assumptions	(958)	-	(958)
Examined adjustments	238	831	1,069
	(720)	831	111
Employer contribution	-	5,308	5,308
Actual benefit payments	7,640	(7,640)	-
	7,640	(2,332)	5,308
Balance as of December 31	($ 20,106)	$ 23,225	$ 3,119

(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, 2020 and 2019 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,	
	2020	2019
Discount rate	0.25%	0.70%
Future salary increases	3.00%	3.00%
Expected return on plan assets	0.25%	0.70%

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, 2020	0.5%	0.5%	0.5%	0.5%
Impact on present value of defined benefit obligation	($ 1,061)	$ 1,134	$ 1,097	($ 1,039)

	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)

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, 2020 amounting to $0 thousand.

(G) As of December 31, 2020, the weighted average period for the pension plan is 11 years.

Analysis of the pension payment past due is as follow:

Less than a year	$	14,181
One to two years		897
Two to five years		-
Over five years		1,047
	$	16,125

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 years ended December 31, 2020 and 2019 were $1,296 thousand and $1,366 thousand, respectively.

(17) Provisions

	Provisions for employee benefits
At January 1, 2019	$ 622
Addition during the year	644
Used during the year	(622)
At December 31, 2019	644
Addition during the year	761
Used during the year	(644)
At December 31, 2020	$ 761

Analysis of provisions was as follow:

	December 31, 2020	December 31, 2019
Current	$ 761	$ 644
Non-current	$ -	$ -

(18) Share-based payments

A. The agreement of share-based payments of the Company for the year ended December 31, 2020 is as follows:

Type of agreement	Grant date	Quantity given	Period of agreement	Vested condition
Capital injection by cash, of which retained for employee subscription	November 17, 2020	7,927 thousand shares	-	Vest immediately

B. The Company uses the Black-Scholes option evaluation model to estimate the fair value of the stock option in its share-based payment transaction on the grant date. The relevant information is as follows:

Type of agreement	Grant date	Share price	Exercise price	Expected volatility	Expected duration	Expected dividend	Risk-free rate	Fair value per unit
Capital injection by cash, of which retained for employee subscription	November 17, 2020	14.85	12.56	10.94%	0.02 year	-	0.1401%	1.19

C. The Company's remuneration cost of capital injection by cash, of which retained for employee subscription in 2020 was $9,433 thousand.

(19) Common Stock

A. As of December 31, 2020, the Company's authorized capital was $5,336,135 thousand with par value of $10 per share. As of December 31, 2020 and 2019, total paid-in capital were $5,207,525 thousand and $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

C. Movements in the number of the Company's outstanding common stocks outstanding are as follows:

	Number of outstanding shares (in thousand)	
	For the year ended December 31,	
	2020	2019
At January 1	270,753	270,753
Capital injection by cash	250,000	-
At December 31	520,753	270,753

D. On August 13, 2020, the board of directors of the Company resolved to issue 250,000 thousand new shares with a par value of $10 per share with an issue price of $12.56 per share and it is expected to raise $3,140,000 thousand. The purpose of this fund is to pay for the purchase of land and construction cost. The reference date of this capital increase was December 14, 2020, and the change of registration have been completed with the Ministry of Economic Affairs.

E. Treasury stock

Movements of common stocks held by the Company's subsidiaries for the years ended December 31, 2020 and 2019 are as follows:

For the year ended December 31, 2020

None.

For the year ended December 31, 2019

(Unit: New Taiwan dollars)

		Increase (decrease) during the year				
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	-	$ -	$ -

(20) *Capital surplus*

	December 31, 2020	December 31, 2019
Common stocks premium	$ 649,433	$ -
Cash dividend unclaimed for over five years	592	554
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
Exercise disgorgement	1	-
Total	$ 658,613	$ 9,141

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 23, 2020, the Company adopted the resolution of the 2019 earnings distribution at the annual shareholders' meeting, which proposed distribution of $27,075 thousand as shareholders' dividends. In addition, 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.

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,	
	2020	2019
Revenue from customer contracts		
Sales revenue - lands	$ 62,884	$ -
Sales revenue - buildings	15,920	2,000
	78,804	2,000
Rental income	820	1,069
Total	$ 79,624	$ 3,069

A. The Company's revenue from customer contracts recognized at a point in time in 2020 and 2019 were as follows:

	For the year ended December 31,	
	2020	2019
Revenue recognized at a point in time	$ 78,804	$ 2,000

B. Contracts liabilities

	For the year ended December 31,	
	2020	2019
Contracts liabilities:		
Sales of properties	$ 342,486	$ 187,130

The Company's contract liabilities for the current period increased as compared to December 31, 2019 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 2020 and 2019, the amounts of revenue recognized in 2020 and 2019 were $0 thousand and $ 2,000 thousand, respectively.

(23) Other income

	For the year ended December 31,	
	2020	2019
Interest income		
Interest on bank deposits	$ 1,281	$ 3,502
Other interest income	42	1,150
	1,323	4,652
Dividend income	8	-
Other income - other	3,520	3,937
Total	$ 4,851	$ 8,589

(24) Other gains and losses

	For the year ended December 31,	
	2020	2019
Net currency exchange gains (losses)	($ 4,448)	$ 1,018
Net gains (losses) on financial assets at fair value through profit or loss	(8,372)	5,901
Loss on disposal of investment	-	(133)
Loss on disposal of property, plant and equipment	(17)	-
Lease modification benefits	-	1
Other non-operating losses	(4,461)	(20)
Total	($ 17,298)	$ 6,767

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

	For the year ended December 31,					
	2020			2019		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	$ -	$ 50,206	$ 50,206	$ -	$ 46,849	$ 46,849
Depreciation	-	2,192	2,192	-	2,721	2,721

(26) Employee benefit expenses

	For the year ended December 31,	
	2020	2019
Wages and salaries - Non-director employee	$ 38,149	$ 32,865
Director's remuneration	5,535	8,520
Labor and health insurance contribution	2,279	2,545
Pension costs	2,908	1,618
Other personnel expenses	1,335	1,301
Total	$ 50,206	$ 46,849

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 2020 and 2019, the employees' compensation and directors' remuneration of the parent company were both $0 thousand.

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.

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,	
	2020	2019
Interest expense		
Bank loans	$ 14,827	$ 14,250
Less: capitalization of qualifying assets	(9,624)	(6,198)
Total	$ 5,203	$ 8,052

(28) Income tax

A. Income tax expense

Components of income tax expense:

	For the year ended December 31,	
	2020	2019
Current income tax for the year		
Land value increment tax included in current income tax for the year	$ 1,008	$ -
Current income tax for the year	1,008	-
Deferred tax		
Relating to origination and reversal of temporary differences	-	-
Income tax expense	$ 1,008	$ -

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

	For the year ended December 31,	
	2020	2019
Income before income tax	($ 88,637)	($ 68,696)
Income tax expense at statutory rate	(17,727)	(13,739)
Tax effect of adjusting items		
Permanent differences	13,390	12,019
Loss on unrecognized deferred tax assets	3,849	1,845
Unrecognized temporary differences	488	(125)
Land value increment tax	1,008	-
Income tax expense	$ 1,008	$ -

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

	December 31,	
	2020	2019
Loss carry forward		
Expired in 2020	$ -	$ 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	1,845
Expired in 2030	3,849	-
	112,892	253,584
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	22,012	22,685
Prepayments	552	887
Net defined benefit liabilities	1,374	1,438
Provisions for liabilities	152	129
Unrealized exchange gains and losses	2,473	1,608
	107,691	107,875
Total	$ 220,583	$ 361,459

D. As of December 31, 2020, details of the Company's deferred tax assets for future utilization were as below:

Expiry date	Unused loss carry forward
2023	$ 8,706
2024	21,519
2025	34,776
2026	14,432
2027	8,414
2028	19,351
2029	1,845
2030	3,849
Total	$ 112,892

E. The Company's income tax returns through 2018 have been assessed by the Tax Authority.

(29) Earnings per share

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

	For the year ended December 31, 2020		
	Amount after tax	Weighted average number of common stocks outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Loss attributable to common shareholders	($ 89,645)	282,364	($ 0.32)

Diluted earnings per share

None.

	For the year ended December 31, 2019		
	Amount after tax	Weighted average number of common stocks outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
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)

Diluted earnings per share

None.

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 common stock is as follows:

	For the year ended December 31, 2020		
	Amount after tax	Weighted average number of common stocks outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Loss attributable to common shareholders	($ 89,645)	282,364	($ 0.32)

Diluted earnings per share

None.

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

<u>Diluted earnings per share</u>

None.

(30) Changes in liabilities from financing activities

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

	January 1, 2020	Cash flow	Other non-cash	December 31, 2020
Short-term borrowings	$ 282,000	$ 633,000	$ -	$ 915,000
Lease liabilities	600	(604)	4	-
Long-term borrowings	513,000	(453,000)	-	60,000
Guarantee deposits	9,305	(36)	-	9,269
Capital surplus	9,141	649,472	-	658,613
Liabilities from financing activities	$ 814,046	$ 828,832	$ 4	$ 1,642,882

	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

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)
Delsin Construction Co., Ltd. (Formerly known as 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 (The director of the Company resigned on June 23, 2020)
Da Shuo Investment Co., Ltd.	Chairman of Da Shuo Investment Co., Ltd. is the first degree of kinship of the director of the Company (The director of the Company resigned on June 23, 2020)
Lin Hsing Hsiung	Second degree of kinship of the director of the Company (The director of the Company resigned on June 23, 2020)
Lin Wei Pang	Second degree of kinship of the director of the Company (Dissolved in June 23, 2020)
Lin Yuan Yi	Second degree of kinship of the director of the Company
Lin Heng Yi	Second degree of kinship of the director of the Company
Lin Po Feng	Director of the Company (Resigned on June 23, 2020)
Weng Chu Chih	Director’s spouse of the Company (The director of the Company resigned on June 23, 2020)
Lin Hui Chuan	Second degree of kinship of the director of the Company (The director of the Company resigned on June 23, 2020)
Lin Chia Hung	Substantive related party
Hong-Zhu Construction Co., Ltd.	The general manager of the Company is the director of Hong-Zhu Construction Co., Ltd.
Pauguo Real Estate Management Co., Ltd.	Substantive related party

(2) Significant related party transactions and balances:

A. Sales of goods and services

	For the year ended December 31, 2020	For the year ended December 31, 2019
Rental income		
Subsidiaries	$ 29	$ 57
Other related parties	-	34
Total	$ 29	$ 91

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

B. Purchase

	For the year ended December 31, 2020	For the year ended December 31, 2019
Cost of lands		
Lin Chia Hung	$ 1,208,650	$ -

C. Construction expense

	For the year ended December 31, 2020	For the year ended December 31, 2019
Miscellaneous expenses		
Hong-Zhu Construction Co., Ltd.	$ 2,952	$ -
Finance costs		
Pauguo Real Estate Management Co., Ltd.	$ 952	$ -

D. The balances of receivables and payables with related parties were as follows:

	December 31, 2020	December 31, 2019
Accounts payable		
Lin Chia Hung	$ 94,571	$ -
Refundable deposit		
Other related parties	$ 2,442	$ 12,210
Other receipts in advance		
Other related parties	$ -	$ 7
Subsidiaries	7	7
Total	$ 7	$ 14

E. 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.

F. Others

(A) As of December 31, 2020, the deposit guarantee notes issued by the Company to a related party, Lin Chia Hung amounted to $1,088,100 thousand.

(B) The amount of the promissory note issued by the Company to the landlord of joint construction of Le Jie Duan A was $146,215 thousand, and was guaranteed by Hong-Zhu Construction Co., Ltd. for the Company.

(3) Key management compensation

	For the year ended December 31,	
	2020	2019
Salaries and other short–term employee benefits	$ 9,186	$ 14,738
Termination benefits	-	-
Post-employment benefits	5,621	5,253
Other long-term employee benefits	-	-
Share-based payment	-	-
Total	$ 14,807	$ 19,991

8. Pledge of assets

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

		Carrying amount	
		December 31,	
Pledged assets	Purposes	2020	2019
Inventories			
Lands for sale	Performance guarantee	$ 5,505	$ 5,505
Buildings for sale	Performance guarantee	2,809	2,809
Lands held for construction	Short-term borrowing and long-term borrowing	2,431,694	2,005,327
Construction in progress	Short-term borrowing	212,547	83,909
Property, plant and equipment			
Lands	Short-term borrowing	36,006	36,006
Buildings	Short-term borrowing	19,343	20,545
Other equipment	Short-term borrowing	28	36
Other financial assets - current	Trust account	156,021	94,402
Total		$ 2,863,953	$ 2,248,539

9. Significant contingent liabilities and unrecognized commitments

A. As of December 31, 2020, the Company received the promissory notes from the contractors amounted to $60,070 thousand.

B. As of December 31, 2020, the deposit guarantee notes issued by the Company to the landlord amounted to $1,684,045 thousand.

C. As of December 31, 2020, the Company signed the contracts of pre-sale of properties with customer amounted to $1,973,800 thousand, and have been received $342,390 thousand according to the contract amount.

D. As of December 31, 2020, the Company signed the contracts with the contractors amounted to $504,873 thousand, of which $401,786 thousand was unpaid.

E. As of December 31, 2020, the Company signed the contracts for the purchase of lands amounted to $1,708,350 thousand and the titles have been transferred, of which $115,541 thousand unpaid.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

A. The company acquired 100% equity of Cyuan Fong Construction Limited Company in February 2021, amounted to $11,500 thousand. On March 9, 2021, Cyuan Fong Construction Limited Company changed its name to Huajian Construction Co., Ltd.

B. The Company was approved by the board of directors on February 22, 2021 for its intention to obtain lands in Le Jie Duan, Gui Shan District, Taoyuan City, Qing Xi Duan, Zhong Li District, Taoyuan City, Xin Zhan Duan, Sha Lu District, Taichung City, and Zheng Ying Duan. The total transaction price is estimated to be $1,834,463 thousand.

C. The Company was approved by the board of directors on March 30, 2021 for its intention to obtain lands in Qing Shan Duan, Da Yuan District and Shan Jie Duan, Gui Shan District, Taoyuan City. The total transaction price is yet to be negotiated.

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, 2020 and 2019 are as follows:

	December 31,			
	2020		2019	
Total liabilities	$	1,507,445	$	1,056,583
Total assets	$	7,655,581	$	4,169,621
Gearing ratio		20%		25%

During a recent review of the gearing ratio, the debt-to-asset ratio on December 31, 2020 was lower compared to December 31, 2019 which caused by the increase in total assets by the Company's capital injection by cash.

(2) Financial instruments

A. Financial instruments by category

	December 31,			
	2020		2019	
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$	-	$	58,249
Financial assets at fair value through other comprehensive income				
Designated investments in equity instrument	$	2,898	$	3,759
Financial assets at amortized cost				
Cash and cash equivalents	$	1,834,819	$	101,078
Notes receivable		90		18
Other receivables		39,998		39,438
Other financial assets		211,021		267,194
Refundable deposits		60,717		31,167
	$	2,146,645	$	438,895

Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 915,000	$ 282,000
Notes payable	1,723	-
Accounts payable	142,788	20,486
Other payable	8,802	14,627
Long-term borrowings (including current portion)	60,000	513,000
Guarantee deposits	9,269	9,305
	$ 1,137,582	$ 839,418
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 and other financial assets, 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, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT$)
Financial assets			
US$: NT$	$ 2,937	28.480	($ 4,340)
CN¥ : NT$	201	4.377	28
HK$: NT$	53	3.673	(9)

	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

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, 2020					
	Foreign currency amount	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
US$	$ 2,937	28.480	$ 83,649	5%	$ 4,182	$ -
CN¥	201	4.377	882	5%	44	-
HK$	53	3.673	194	5%	10	-
None monetary items						
US$	$ 102	28.480	$ 2,898	5%	$ -	$ 145

	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	-

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 $9,750 thousand and $7,950 thousand for the years ended December 31, 2020 and 2019, 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 2020 and 2019 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, 2020 and 2019 will be increased/decreased by $0 thousand and $5,825 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 $290 thousand and $376 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, 2020 and 2019, the total banking facilities that have not yet utilized by the Company were $986,000 thousand and $683,000 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, 2020				
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	$ 411,777	$ 528,231	$ -	$ -	$ 940,008
Notes payable	1,723	-	-	-	1,723
Accounts payable	142,788	-	-	-	142,788
Other payables	8,802	-	-	-	8,802
Long-term borrowings (include current portion)	1,167	61,889	-	-	63,056
Guarantee deposits received	113	6	4,600	4,550	9,269
	$ 566,370	$ 590,126	4,600	$ 4,550	$ 1,165,646

	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
<u>Non-derivative financial liabilities</u>					
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

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: The input value of this level is the public quotation (unadjusted) of the identical asset or liability in the active market. 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, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through other comprehensive income				
Unlisted equity investments	$ -	$ -	$ 2,898	$ 2,898

	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

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 2020 and 2019.

F. Changes in level 3

	For the year ended December 31,	
	2020	2019
January 1	$ 3,759	$ 4,707
Refund of capital after capital reduction in the current period	(1,847)	(1,975)
Gain recognized in other comprehensive income	986	1,027
December 31	$ 2,898	$ 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, 2020	Evaluation techniques	Significant unobservable inputs	Relationship between input value and fair value
Non-derivative equity instruments:				
Venture capital stock	$ 2,898	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, 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

I. Sensitivity analysis of changes in significant unobservable inputs

			December 31, 2020			
			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%	$ -	$ -	$ 483	$ 483

			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

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	Table 2
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	Table 3
8	Receivables from related parties reaching $100 million or 20% of paid-in capital or more	None
9	Derivative financial instruments undertaken	None
10	Significant inter-company transactions between the Company and subsidiaries	None

(2) Information on investments: Table 4

(3) Information on investments in Mainland China: None

(4) Information of major shareholders: Table 5

Table 1

Marketable securities held by the Company as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures) (Expressed in thousands of New Taiwan dollars)

					December 31,				Footnote	
Securities held by	Type	Name	Relationship with 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
The Company	Stock	Vincera Growth Capital II Limited	None	Financial assets at fair value through other comprehensive income - non-current	60	$ 2,898	5%	$ 2,898	-	$ -
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	-	-	-	-	-

Table 2

As of December 31, 2020, acquisition of real estate by the Company reaching $300 million or 20% of paid-in capital or more

(Expressed in thousands of New Taiwan dollars)

The company that acquired the real estate	Name of real estate	Day of fact	Amount of transaction	Payment status	Transaction party	Relationship	The information of previous transfer, if the transaction party is a related party				Basis of reference for price determination	Purpose of acquisition and usage	Other agreed matters
							Owner	Relationship with the issuer	Date of transfer	Amount			
The Company	No. 233, 235, Xin Bi Duan, Lu Zhu District, Taoyuan City	September 11, 2020 (Signing date)	$ 874,650 (Note 1)	Pay according to the contract	Lin Chia Hung	Substantive related party	Department of Land Administration, Taoyuan City Government	-	September 2020	$ 798,890	Note 2	Construction of residential buildings	-
The Company	No. 488, 489, Qing Xi Duan, Zhong Li District, Taoyuan City	September 11, 2020 (Signing date)	316,000 (Note 1)	Pay according to the contract	Lin Chia Hung	Substantive related party	Yang Jun and 11 others	-	September 2019	292,235	Note 2	Construction of residential buildings	-
The Company	No. 793, Xing Hua Duan, Guishan District, Taoyuan City	September 11, 2020 (Signing date)	18,000	Pay according to the contract	Lin Chia Hung	Substantive related party	Cai Jun	-	January 2019	17,592	Note 2	Construction of residential buildings	-
The Company	No. 177, Le Jie Duan, Gui Shan District, Taoyuan City	September 11, 2020 (Signing date)	499,700	Pay according to the contract	Wu Jun	Non-related party	-	-	-	-	Valuation report	Construction of residential buildings	-

Note 1: Including the acquired incremental building bulk

Note 2: The previous transaction price included the necessary interest on capital and necessary cost and valuation report.

Table 3

As of December 31, 2020, the Company's purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more for the year ended

(Expressed in thousands of New Taiwan dollars)

Sales/ Purchase of the company	Transaction party	Relationship	Detail of transaction				Circumstances and reasons of why trading conditions are different from ordinary trading		Notes and accounts receivable (payable)		Remark
			Sales/ Purchase	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Lin Chia Hung	Substantive related party	Purchase	$ 1,208,650	66.68%	Pay in installments according to the contract	$ -	-	$ 94,571	65.44%	-

Table 4 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, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognized for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	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	$ 347,836	($ 14,465)	($ 8,442)	-

Table 5 Information of major shareholders

Major shareholders of the Company as of December 31, 2020

(Unit: In thousand shares)

Name of major shareholders	Number of shares held	Percentage of shareholding (%)
Chia Chun Investment Co., Ltd.	94,259	18.10
Da Shuo Investment Co., Ltd.	42,832	8.22
Neng Hung Investment Holdings Co., Ltd.	27,855	5.34

Note 1: The information of major shareholders in the above table was calculated by the Taiwan Depository and Clearing Corp. based on the information of shareholders of the Company who hold more than 5% of ordinary shares and special shares and have been completed the non-physical registration and delivery (including treasury shares) on the last business day of the end of each quarter. As for the shares capital recorded in the Company's financial statements may vary from the Company's actual number of shares which completed the non-physical registration and delivery due to different calculation basis or differences.

Note 2: In the above table, if the shareholder entrust its shares to the trust, disclosure is made by the individual accounts of the trustee who opened the trust account by the grantor. As for the shareholders' declarations for insider equity holdings exceeding 10% in accordance with the Securities and Exchange Act, his shareholding includes his own shares plus the shares entrusted to the trust with voting right, etc. For the information on the declaration for insider equity, please refer to Market Observatory Post System.

14. Segment information

Please refer the consolidated financial statements of Delpha Construction Co., Ltd. for the year ended December 31, 2020.

Delpha Construction Co., Ltd.

Statement of cash and cash equivalents

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Cash			
Petty cash		$ 150	
Cash in banks			
Checking accounts and demand deposits		20	
Demand deposits		1,749,924	
Foreign currency deposits (Note 1)		84,725	
		1,834,669	
Total		$ 1,834,819	

Note 1: Foreign currency deposits

US$	2,937 thousand
CNY	201 thousand
HK$	53 thousand

Delpha Construction Co., Ltd.

Statement of notes receivable

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Notes receivable - non-related parties			
Customer A		$ 90	
Less: allowance for doubtful accounts		-	
Total		$ 90	

Statement of other receivables

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Receivables of refund of shares from liquidated investment		$ 39,311	
Other receivables - other		16,919	
Accrued revenue	Interest receivable	13	
		56,243	
Less: allowance for doubtful accounts		(16,245)	
Total		$ 39,998	

Delpha Construction Co., Ltd.

Statement of inventories

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Case	Amount	Note
Lands for sale and buildings for sale	Li Hsiang Jia A	$ 1,762	
	Sheng Huo Jia A	5,346	
	Ya Dian Wang chao A	456	
	Ya Dian Wang chao B	1,722	
	Hang sha	8,314	
	Shi Tan Duan A	63,527	
		81,127	
Lands held for construction and construction in progress	Shu Lin An	198,192	
	Sheug Huo Jia B	9,153	
	Hsin Dian He Feng	632,155	
	Fu De Duan B	423	
	Hsin Guang Lu B	2,217	
	Rong Hsing Duan	141,777	
	Huai Sheng Duan	1,432,881	
	Yun He Jie A	765,664	
	Yun He Jie B	1,712	
	Wen Lin Bei Lu	286,148	
	Xin Bi Duan	877,445	
	Le Jie Duan A	519,416	
	Qing Xi Duan A	316,206	
		5,183,389	
Total		5,264,516	
Less: allowance for deline in market value and obsolessence		(389,396)	
Total		$ 4,875,120	

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, 2020

(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	10,899	52,868	3,386	1,184	-	68,337
Huai Sheng Duan	8,117	-	5,847	-	-	13,964
Yun He Jie A	83,909	50,219	1,642	8,440	-	144,210
Wen Lin Bei Lu	976	-	-	-	-	976
Xin Bi Duan	-	-	1,863	-	-	1,863
Le Jie Duan A	-	-	1,514	-	-	1,514
Qing Xi Duan A	-	-	35	-	-	35
Total	$ 339,463	$ 103,087	$ 14,287	$ 9,624	$ -	$ 466,461

Statement of prepayments

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Prepayment			
Prepayment for purchases		$ 76,000	
Prepaid consignment service fee		119,340	
Prepaid other expense		1,657	
Remaining tax credit		18,847	
Other advances		65	
Total		$ 215,909	

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

Delpha Construction Co., Ltd

Statement of other current assets

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Other current assets			
- other	Payment on behalf of	$ 950	
Total		$ 950	

Delpha Construction Co., Ltd.

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

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Company	Balance, January 1		Increase		Decrease		Balance, December 31			Accumulated impairment	Collateral
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Type	Shares (in thousands)	Amount		
New Castle Investment Development Corp.	0.6	$ 3,759	-	$ -	0.6	$ 3,759	Common stock	-	$ -	Not applicable	None
Vincera Growth Capital II Limited	-	-	60	4,745	-	1,847	Common stock	60	2,898	Not applicable	None
Emphasis Materials, Inc.	300	-	-	-	300	-	Common stock	-	-	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		$ 3,759		$ 4,745		$ 5,606			$ 2,898		

Note 1: The decrease of New Castle Investment Development Corp. by $2,815 thousand due to New Castle Investment Development Corp. converted its equity to Vincera Growth Capital II Limited in the current period and reversed the fair value adjustment by $944 thousand. In addition, Vincera Growth Capital II Limited increased by $3,285 thousand in the current period and recognized $1,460 thousand at fair value.

Note 2: The decrease of Vincera Growth Capital II Limited in the current period due to the capital reduction and refund the capital of $1,847 thousand.

Note 3: The liquidation of Emphasis Materials, Inc. Completed in 2020.

Statement of changes in investments accounted for under equity method

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Investees	Balance, January 1, 2020		Increase		Decrease		Investment income (loss)	Other comprehensive income (loss)	Balance, December 31, 2020			Net Assets value		Ownership %	Valuation method	Collateral
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount			Type	Shares (in thousands)	Amount	Total amount	Unit price (NT$)			
Huachien	18,208	$ 356,278	-	$ -	-	$ -	($ 8,442)	$ -	Common stock	18,208	$ 347,836	$ 596,017	$ 19.10	58%	Equity method	None

Delpha Construction Co., Ltd.

Statement of right–of–use assets

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Balance, January 1	Increase	Decrease	Balance, December 31	Note
Cost					
Transportation equipment	$ 1,256	$ -	$ 1,256	$ -	
Accumulated depreciation					
Transportation equipment	$ 650	$ 606	$ 1,256	$ -	

Statement of other non-current assets

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Refundable deposits	Security deposits on cooperation case at Rong Hsing Duan	$ 28,189	
	Bid deposit	30,000	
	Other	2,528	1
Total		$ 60,717	
Net defined benefit assets		$ 3,119	
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, 2020

(Expressed in thousands of New Taiwan dollars)

Bonds name	Purposes	Amount	Contract period	Rate	Total amount	Note
Far Eastern International Bank	Mortgage	$ 320,000	2020.11.23-2021.02.19	1.6%	$ 500,000	1
The Shanghai Commercial & Saving Bank	Mortgage	82,000	2020.11.30-2021.10.30	1.3%	100,000	1
Hwatai Commercial Bank	Mortgage	513,000	2020.11.09-2023.11.09	1.6%	970,000	1
		$ 915,000			$ 1,570,000	

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

Statement of notes payable

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Customer	Description	Amount	Note
Non-related parties:			
Home Deluxe Enterprise Co., Ltd.		$ 1,186	
Jin Tung Co., Ltd.		209	
Jih Sun Formosa Auto Leasing CO., Ltd.		328	
Total		$ 1,723	

Delpha Construction Co., Ltd.

Statement of accounts payable

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Customer	Description	Amount	Note
Non-related parties:			
Li-Gao Construction Co., Ltd.		$ 7,337	
Wang Bang Construction Limited Company		8,684	
Home Deluxe Enterprise Co., Ltd.		7,751	
Wu Jun		20,970	
Others		3,475	1
Total		$ 48,217	
Related parties:			
Lin Chia Hung		$ 94,571	

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

Statement of other payable

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Accrued expenses	Salary and wages payable	$ 2,158	
	Year-end bonus payable	3,653	
	Interest payable	643	
	Services fee payable	910	
	Others	1,438	1
Total		$ 8,802	

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(17).

Delpha Construction Co., Ltd.

Statement of other current liabilities

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Receipt in advance	Other advance	$ 26,446	
Other current liabilities – other	Receipts under custody	170	
Total		$ 26,616	

For details of long–term borrowing, please refer to Note 6(15).

Statement of non-current liabilities

December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Guarantee deposits received	Rental deposits	$ 9,269	
Total		$ 9,269	

Delpha Construction Co., Ltd.

Statement of net revenue

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Number of ping	Amount	Note
Sales for lands			
Shi Tan Duan A		$ 62,884	
Sales for buildings			
Shi Tan Duan A	135.10	15,920	
Rental			
Hang Sha		91	
Rong Hsing Duan		31	
Yue Du Ou Zhou		36	
Shu Lin An		34	
Huai Sheng Duan		601	
Shi Tan Duan A		27	
Total		$ 79,624	

Statement of cost of revenue

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Number of ping	Amount	Note
Cost for lands			
Shi Tan Duan A		$ 42,186	
Cost for buildings			
Shi Tan Duan A	135.10	19,764	
Total		$ 61,950	

Delpha Construction Co., Ltd

Statement of selling expenses

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note
Advertising	$	2,508	
Others		110	1
Total	$	2,618	

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

Statement of general & administrative expenses

For the Year Ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note
Salary	$	43,617	
Services fee		4,767	
Miscellaneous		4,664	
Finance costs		5,000	
Others		19,553	1
Total	$	77,601	

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, 2020

(Expressed in thousands of New Taiwan dollars)

Classification / Nature	For the year ended December 31,					
	2020			2019		
	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	$ -	$ 38,149	$ 38,149	$ -	$ 32,865	$ 32,865
Director's remuneration	-	5,535	5,535	-	8,520	8,520
Labor and health insurance	-	2,279	2,279	-	2,545	2,545
Pension	-	2,908	2,908	-	1,618	1,618
Others	-	1,335	1,335	-	1,301	1,301
Depreciation	-	2,192	2,192	-	2,721	2,721

1. For the years ended December 31, 2020 and 2019, the number of employees of the Company were 38, in which 7 employees for both years ended, also acted as director of the Company.

2. The Company's average employee welfare expenses in 2020 and 2019 were $1,441 thousand and $1,236 thousand, respectively, the average employee salary expenses were $1,231 thousand and $1,060 thousand, respectively and the average employee salary expenses increased by 16.13%.

3. The salary and remuneration policy of the Company

   According to the Articles of Association, Article 28 of the Company, if the Company makes a profit during the year, it shall allocate no less than 1.5% for employee remuneration and no more than 2% for directors' remuneration. In addition to the basic salary, the Company shall pay bonuses according to the operating conditions of the Company to motivate employees and retain outstanding employees. The annual salary adjustment is based on the employee's grade and performance appraisal and with reference to the salary level of the industry. The Company should pay a monthly remuneration to the independent directors of the Company, which is reviewed by the remuneration committee and determined by the board of directors. The remuneration of managers shall be determined by the board of directors in accordance with the statutory procedures and rules of the Company's remuneration committee.