Stock Code: 2530

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report
March 31, 2021 and 2020

Company address: 16F, No. 460, Sec. 5, Chenggong Rd., Neihu Dist., Taipei City
Company Tel: (02)2632-8877

DELPHA CONSTRUCTION CO., LTD. AND SUBSIDIARIES

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

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Independent Auditors' Review Report

To. Delpha Construction Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Delpha Construction Co., Ltd. and its subsidiaries as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, of changes in equity, and of cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

Except for matters described in the following paragraph titled "Basis for Qualified Conclusion," we conducted our reviews in accordance with Statement of Auditing Standards 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 4(c), the financial statements for the same periods of immaterial subsidiaries that have been included in the consolidated financial statements were not reviewed by independent auditors, which statements reflected total assets of $1,322,132 thousand and $1,337,235 thousand, representing 13% and 26% of total consolidated assets, total liabilities of $728,525 thousand and $730,044 thousand, representing 19% and 40% of total consolidated liabilities as of March 31, 2021 and 2020, respectively; and its total comprehensive income of ($2,686) thousand and ($3,291) thousand, representing 13% of total consolidated comprehensive income for both the three-month periods ended March 31, 2021 and 2020.

Qualified Conclusion

Based on our reviews, except for possible effects from financial statements of the immaterial subsidiaries mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of Delpha Construction Co., Ltd. and its subsidiaries as of March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

ShineWing CPAs

Certified Public Accountant: Chen Kuang-Hui

Yao Yu-Lin

Securities and Futures Bureau of Financial Supervisory Commission

Approval Document No.: (107) Financial-Supervisory-Securities-Audit-1070345892

(107) Financial-Supervisory-Securities-Audit-1070342733

May 12, 2021

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2021, and December 31, 2020 and March 31, 2020
(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)
(In Thousands of New Taiwan Dollars)

			March 31, 2021		December 31, 2020		March 31, 2020	
Code	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
11XX	Current assets							
1100	Cash and cash equivalents	6 (a)	$ 1,867,239	18	$ 1,842,842	21	$ 189,457	4
1110	Financial assets at fair value through profit or loss - current	6 (b)	--	--	--	--	23,124	--
1150	Notes receivable, net	6 (d)	5,430	--	1,647	--	5,114	--
1170	Accounts receivable, net	6 (d)	6	--	6	--	17	--
1200	Other receivables	6 (e)	39,327	--	40,008	--	80,231	2
1220	Current income tax assets		320	--	413	--	389	--
130X	Inventories	6(f) and 8	7,477,413	74	6,121,039	71	4,346,304	84
1410	Prepayments		221,467	2	215,913	3	149,941	3
1476	Other financial assets - current	6(g) and 8	157,437	2	211,021	3	218,560	4
1479	Other current assets - current		950	--	950	--	--	--
	Total Current Assets		9,769,589	96	8,433,839	98	5,013,137	97
15XX	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6(c)	3,014	--	2,898	--	2,953	--
1600	Property, plant and equipment	6(h) and 8	117,662	1	117,874	1	118,084	2
1755	Right-of-use asset	6(i)	6,078	--	6,571	--	8,704	--
1780	Intangible asset	6(k)	11,410	--	--	--	--	--
1920	Refundable deposits	7	281,726	3	61,013	1	31,463	1
1975	Net defined benefit assets - non-current		3,121	--	3,119	--	--	--
1990	Other non-current assets - other		5,552	--	5,552	--	5,552	--
	Total Non-current Assets		428,563	4	197,027	2	166,756	3
	Total assets		$ 10,198,152	100	$ 8,630,866	100	$ 5,179,893	100

(Continued on next page)

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated Balance Sheets (Continued)
As of March 31, 2021, and December 31, 2020 and March 31, 2020
(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)
(In Thousands of New Taiwan Dollars)

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			March 31, 2021		December 31, 2020		March 31, 2020	
Code	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
21XX	Current liabilities							
2100	Short-term borrowings	6(m) and 8	$ 2,451,000	24	$ 915,000	11	$ 282,000	5
2130	Contract liabilities - current	6(v)	391,992	4	342,486	4	235,790	5
2150	Notes payable	6(n)	2,011	--	1,723	--	2,990	--
2170	Accounts payable	6(n)	46,884	--	48,217	1	18,946	--
2180	Accounts payable - related parties	6(n) and 7	94,571	1	94,571	1	--	--
2200	Other payables		10,339	--	10,480	--	5,806	--
2250	Provisions - current	6(q)	--	--	761	--	--	--
2280	Lease liabilities - current		6,118	--	6,599	--	8,707	--
2310	Receipts in advance	7	31,911	--	28,079	--	31,579	1
2320	Long-term borrowings due within one operating cycle	6(o) and 8	771,900	8	771,900	9	1,224,900	24
2399	Other current liabilities - other		950	--	187	--	590	--
	Total Current Liabilities		3,807,676	37	2,220,003	26	1,811,308	35
25XX	Non-current liabilities							
2540	Long-term borrowings	6(o) and 8	--	--	--	--	10,000	--
2640	Net defined benefit liabilities - non-current	6(o)	--	--	--	--	2,033	--
2645	Guarantee deposits		10,277	--	10,305	--	10,137	--
	Total Non-current liabilities		10,277	--	10,305	--	22,170	--
	Total liabilities		3,817,953	37	2,230,308	26	1,833,478	35
31XX	Equity attributable to owners of the parent company							
3110	Share capital - common stock	6(r)	5,207,525	51	5,207,525	60	2,707,525	52
3200	Capital surplus	6(s)	658,613	7	658,613	8	9,179	--
3300	Retained earnings	6(t)						
3310	Legal reserve		237,247	2	237,247	3	237,247	5
3320	Special reserve		3,789	--	3,789	--	24,199	1
3350	Unappropriated earnings		19,568	--	40,402	--	115,795	2
3400	Other equity interest		2,045	--	560	--	(4,605)	--
	Total equity attributable to owners of the parent company		6,128,787	60	6,148,136	71	3,089,340	60
36XX	Non-controlling interest	6(u)	251,412	3	252,422	3	257,075	5
	Total equity		6,380,199	63	6,400,558	74	3,346,415	65
	Total liabilities and equity		$ 10,198,152	100	$ 8,630,866	100	$ 5,179,893	100

(Please refer to the accompanying notes of the consolidated financial statements attached)

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2021 and 2020
(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)
(In Thousands of New Taiwan Dollars)

			Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
Code	Item	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(v) and 7	$ 2,210	100	$ 2,217	100
5000	Operating costs	6(f)	--	--	--	--
5900	Gross Profit		2,210	100	2,217	100
6000	Operating Expenses					
6100	Selling expenses	6(y)	(890)	(40)	(9)	(1)
6200	General and administrative expenses	6(y)	(17,140)	(776)	(12,928)	(583)
			(18,030)	(816)	(12,937)	(584)
6900	Operations loss		(15,820)	(716)	(10,720)	(484)
7000	Non-operating income and expenses					
7010	Other income	6(w)	1,009	46	1,363	62
7020	Other gains and losses	6(x)	149	7	(10,327)	(466)
7050	Finance costs	6(aa)	(5,813)	(263)	(4,606)	(208)
			(4,655)	(210)	(13,570)	(612)
7900	Net loss before income tax		(20,475)	(926)	(24,290)	(1,096)
7950	Income tax expense	6(bb)	--	--	--	--
8200	Net loss for the period		(20,475)	(926)	(24,290)	(1,096)
8300	Other comprehensive income/(loss)					
8310	Items that will not be reclassified subsequently to profit or loss:					
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income		116	5	(816)	(37)
8349	Income tax related components of other comprehensive income that will not be reclassified to profit or loss		--	--	--	--
	Total comprehensive income/(loss) for the period (net amount after tax)		116	5	(816)	(37)
8500	Total comprehensive income/(loss) for the period		($ 20,359)	(921)	($ 25,106)	(1,133)
8600	Net income (loss) attributable to:					
8610	Owners of the parent company		($ 19,465)	(881)	($ 22,920)	(1,034)
8620	Non-controlling interest		(1,010)	(45)	(1,370)	(62)
			($ 20,475)	(926)	($ 24,290)	(1,096)
8700	Total comprehensive income/(loss) attributable to:					
8710	Owners of the parent company		($ 19,349)	(876)	($ 23,736)	(1,071)
8720	Non-controlling interest		(1,010)	(45)	(1,370)	(62)
			($ 20,359)	(921)	($ 25,106)	(1,133)
	Earnings per share	6(cc)				
9750	Basic earnings per share (In dollars)		($ 0.04)		($ 0.08)	

(Please refer to the accompanying notes of the consolidated financial statements attached)

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity
For the Three Months Ended March 31, 2021 and 2020
(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)
(In Thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent company								
			Retained earnings			Items of other equity interest			
Item	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Non-controlling interest	Total Equity
Balance as of January 1, 2020	$ 2,707,525	$ 9,141	$ 237,247	$ 24,199	$ 138,715	($ 3,789)	$ 3,113,038	$ 258,445	$ 3,371,483
Expired and unclaimed dividend transfer to capital surplus	--	38	--	--	--	--	38	--	38
	2,707,525	9,179	237,247	24,199	138,715	(3,789)	3,113,076	258,445	3,371,521
Net loss for the three months ended March 31, 2020	--	--	--	--	(22,920)	--	(22,920)	(1,370)	(24,290)
Other comprehensive income/(loss) for the three months ended March 31, 2020	--	--	--	--	--	(816)	(816)	--	(816)
Total comprehensive income for the three months ended March 31, 2020	--	--	--	--	(22,920)	(816)	(23,736)	(1,370)	(25,106)
Balance as of March 31, 2020	$ 2,707,525	$ 9,179	$ 237,247	$ 24,199	$ 115,795	($ 4,605)	$ 3,089,340	$ 257,075	$ 3,346,415
Balance as of January 1, 2021	$ 5,207,525	$ 658,613	$ 237,247	$ 3,789	$ 40,402	$ 560	$ 6,148,136	$ 252,422	$ 6,400,558
Disposal of equity instruments at fair value through other comprehensive income	--	--	--	--	(1,369)	1,369	--	--	--
	5,207,525	658,613	237,247	3,789	39,033	1,929	6,148,136	252,422	6,400,558
Net loss for the three months ended March 31, 2021	--	--	--	--	(19,465)	--	(19,465)	(1,010)	(20,475)
Other comprehensive income/(loss) for the three months ended March 31, 2021	--	--	--	--	--	116	116	--	116
Total comprehensive income for the three months ended March 31, 2021	--	--	--	--	(19,465)	116	(19,349)	(1,010)	(20,359)
Balance as of March 31, 2021	$ 5,207,525	$ 658,613	$ 237,247	$ 3,789	$ 19,568	$ 2,045	$ 6,128,787	$ 251,412	$ 6,380,199

(Please refer to the accompanying notes of the consolidated financial statements attached)

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2021 and 2020
(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)
(In Thousands of New Taiwan Dollars)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before income tax	($ 20,475)	($ 24,290)
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation expense	1,046	1,181
Amortization expense	148	--
Interest income	(62)	(503)
Interest expense	5,813	4,606
Dividend income	--	(1)
Net loss on financial assets and liabilities at fair value through profit or loss	--	10,701
Gain on lease modification	--	(11)
Gain on foreign exchange, net	(155)	(363)
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	--	24,424
Increase in notes receivable	(3,783)	(2,649)
Increase in accounts receivable	--	(11)
Decrease (Increase) in other receivables	668	(40,863)
Increase in inventories	(1,354,107)	(5,983)
Increase in prepayments	(5,702)	(1,861)
Decrease in other financial assets	53,584	48,634
Increase in contract liabilities	49,506	48,660
Increase in notes payable	288	2,990
Decrease in accounts payable	(1,333)	(1,540)
Decrease in other payables	(801)	(10,771)
Decrease in provisions	(761)	(644)
Increase in receipts in advance	3,832	2,621
Increase in other current liabilities	763	313
Decrease in net defined benefit assets/liabilities	(2)	(114)
Cash generated from/(used in) operations	(1,271,533)	54,526
Interest received	75	573
Dividends received	--	1
Interest paid	(7,391)	(7,316)
Income taxes refund(paid) (including land value increment tax)	93	(29)
Net Cash Generated from/(Used in) Operating Activities	(1,278,756)	47,755
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries (less cash received)	(11,410)	--
Acquisition of property, plant and equipment	(341)	--
Increase in refundable deposits	(220,713)	--
Net Cash Used in Investing Activities	(232,464)	--
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,536,000	--
Proceeds form long-term borrowings	--	10,000
Decrease in guarantee deposits	(28)	(44)
Repayment of lease liabilities - principal portion	(510)	(701)
Expired and unclaimed dividend transfer to capital surplus	--	38
Net Cash Generated from Financing Activities	1,535,462	9,293
Effect of exchange rate changes on cash and cash equivalents	155	363
Increase in cash and cash equivalents for the period	24,397	57,411
Cash and cash equivalents at beginning of period	1,842,842	132,046
Cash and cash equivalents at end of period	$ 1,867,239	$ 189,457

(Please refer to the accompanying notes of the consolidated financial statements attached)

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company History

Delpha Construction Co., Ltd. (the "Company") was incorporated in December, 1960 with approval of the Ministry of Economic Affairs, and the registered address is 16F, No. 460, Sec. 5, Chenggong Rd., Neihu Dist., Taipei City. The Company's consolidated financial statements' components include the Company and its subsidiaries (collectively referred to as the "Group"), primarily engaged in appointment of construction contractors to build commercial buildings, selling and leasing business of public housing, development of specific professional area, interior decoration industry, property rent/sale real estate agency, and operation and investment in the related business.

2. Date and Procedures of Authorization of Financial Statements

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 12, 2021.

3. Application of New and Amended Standards and Interpretations

a. Effect of the application of new and amended International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations ("SIC") (collectively, "IFRSs") as endorsed by the Financial Supervisory Commission ("FSC").

1) New, amended and revised standards and interpretations of IFRSs endorsed by the FSC effective for application in 2021 are as follows:

New standards, interpretations and amendments	Main content of amendments	IASB effective date
· Amendment to IFRS 4, "Extension of the Temporary Exemption from Applying IFRS 9"	The temporary exemption of IFRS 9 has been extended to January 1, 2023.	January 1, 2021
· The Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - "Interest Rate Benchmark Reform"	This amendment addresses the problems arising during the period of interest rate benchmark reform, including one interest rate indicator is replaced with another interest rate indicator. For the IBOR-	January 1, 2021

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based nature of contracts, it provides accounting treatment for the changes in the basis for determining the contractual cash flow as a result of 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.

2) The Group assessed the above standards and interpretations and there is no significant impact to the Group's financial position and financial performance.

b. Effect of new and amended IFRSs endorsed by the FSC and not yet adopted:

None.

c. Effect of IFRSs issued by the International Accounting Standards Board ("IASB") and not yet endorsed by the FSC:

1) Below new standards and amendments issued by the IASB but not yet endorsed by the FSC for new, amended and revised standards and interpretations of IFRSs:

New standards, interpretations and amendments	Main content of amendments	IASB effective date
・ Amendment to IFRS 3, "Reference to the Conceptual Framework"	This amendment updates 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 combination. Due to the aforementioned amendment of index, this amendment adds an exception of recognition to provisions and	January 1, 2022

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		contingent liabilities. For certain types of provisions and contingent liabilities, reference should be made to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets" or International Financial Reporting Interpretations Committee (“IFRIC”) 21 Levies", instead of the aforementioned "Conceptual Framework of Financial Reporting" issued in 2018. Meanwhile, this amendment also clarifies that the acquirer shall not recognize contingent assets under IAS 37 on the acquisition date.	
•	Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets Between An Investor and Its Associate or Joint Venture"	This amendment revises the accounting treatment in sales or purchase of assets between joint venture and its associate. The gain or loss resulting from such transactions shall be recognized in the scope of non related-party investor's equity in the joint ventures or associates.	To be determine by IASB
•	Amendment to IFRS 16, "Covid-19 – Related Rent Concessions After June 30, 2021"	Regarding the practical expedient of rent concessions occurring as a direct consequence of the covid-19 pandemic that permits lessees to choose, if all of the specific conditions are met, any reduction in lease payments affects only payments due on or before June 30, 2021 are extended to only payments due on or before June 30, 2022 by the amendment.	April 1, 2021
•	IFRS 17 "Insurance Contracts"	This standard replaces IFRS 4 and establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts issued by enterprises. This standard applies to all insurance contracts (including reinsurance contracts) issued by enterprises, to reinsurance contracts held, and to investment contracts issued with discretionary	January 1, 2023

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		participation features, assuming that the enterprises also issue insurance contracts. Embedded derivatives, distinguishable investment components and distinguishable performance obligations should be separated from insurance contracts. As initial recognition, the insurance contracts issued shall be divided into three groups by the enterprises: onerous, no significant risk of becoming onerous, and the remaining contracts. This standard requires a current measurement model where estimates are re-measured at each reporting period. Measurements are based on essential factors of the contract's discounted and probability weighted cash flows, risk adjustments, and the unearned profit from the representative contract (contractual service margins). Enterprises may apply a simplified approach to the measurement for some of the insurance contracts (premium allocation approach). The enterprises should recognize gains generated by a group of insurance contracts during the period when the enterprises provide insurance coverage and when the enterprises release the risk. The enterprises should recognize losses immediately if a group of insurance contracts becomes onerous. The enterprise should present insurance revenue, insurance service fees, and insurance finance income and expenses separately and it shall also disclose the amount, judgment and risk information from the insurance contract.	
·	Amendment to IFRS 17, "Insurance Contracts"	This amendment includes the deferral of effective date, the expected recovery of the cash flow obtained by	January 1, 2023

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		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 basic principles of the standard.	
•	Amendment to IAS 1, "Classification of Liabilities as Current or Non-current'	This amendment clarifies that the classification of liabilities is based on the rights existing at the closing date of reporting period. At the closing date of reporting period, the enterprises do 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 as the extinguishment of the liability with cash, other economic resources or the enterprises' own equity instruments.	January 1, 2023
•	Amendment to IAS 1 "Disclosure of Accounting Policies"	This amendment requires that enterprises shall disclose their material accounting policy information instead of the material accounting policies. This amendment clarifies for enterprises the way to identify the material accounting policy information and the examples that it is likely to consider the material accounting policy information.	January 1, 2023
•	Amendment to IAS 8 “Definition of Accounting Estimates”	This amendment clarifies for enterprises the way to identify changes in accounting policy and changes in accounting estimates. This amendment also clarifies the changes in accounting estimates resulted from new information or new development are not attributable to correction of errors. Besides, the changes are considered as changes in accounting estimates while the effects of changes in accounting estimates from changes	January 1, 2023

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		in an input or a measurement technique are not attributable to correction of prior period errors.	
•	Amendment to IAS 16, "Property, Plant and Equipment - Proceeds before Intended Use"	This amendment prohibits enterprises from deducting the cost of property, plant and equipment for any proceeds of sales on items produced from assets that are brought to the location and condition necessary for them 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 states that testing whether an asset is operating normally means assessing its technical and physical performance, and it has nothing to do with the financial performance of the asset.	January 1, 2022
•	Amendment to IAS 37, "Onerous Contracts - Cost of Fulfilling a Contract"	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 to IFRS Standards 2018–2020	(1) IFRS 1 ”Subsidiary as first-time adopter” This amendment allows the subsidiaries applying D16(a) of IFRS1 to 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 conversion to IFRS when measuring cumulative conversion differences. This amendment also applies to	January 1, 2022

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associates and joint ventures that are exempted from paragraph D16(a) of IFRS 1.

(2) Amendment to IFRS 9 "Fees in the '10 percent' 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. Enterprises 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 "Agriculture" is to remove the requirement of using pre-tax cash flows when measuring the fair value.

2) The Group assessed the above standards and interpretations and there is no significant impact to the Group's financial position and financial performance.

4. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below:

a. Compliance declaration

This consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IAS 34 "Interim Financial Reporting" as endorsed by the FSC.

b. Basis of preparation

1) Except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are recognized as financial instruments at fair value, and for defined benefit liabilities which are recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the accompanying consolidated financial statements have been prepared under the historical cost basis.

2) The following significant accounting policies applied consistently to all periods of coverage of the consolidated financial statements.

3) The preparation of financial statements in compliance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations (collectively referred to as "IFRSs") endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Please refer to Note 5 for items involving in a higher degree of judgment or complexity or items involving in significant assumptions and estimates to the consolidated financial statements.

c. Basis of consolidation

1) Basis for preparation of consolidated financial statements

a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to variable returns from its involvement with the entity or has rights to the variable returns, and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements since the date the Group obtains control, and ceases the consolidation since the date of losing control.

b) Inter-company transactions, balances and unrealized gains or losses within the Group are eliminated. Accounting policies of subsidiaries have been necessarily adjusted to ensure consistency with the policies adopted by the Group.

c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interest. Total comprehensive income is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d) Changes in shareholding in a subsidiary that do not result in losing control (transactions with non-controlling interests) are accounted for equity transactions also known as transactions between owners. Any difference between the adjustment amount of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.

e) When the Group loses control of a subsidiary, it remeasures fair values of the remaining investments in the former subsidiary as the fair value of initial recognition on a financial asset or the cost of initial recognition on associates or joint ventures. Any difference between the fair value and the carrying amount is recognized in profit or loss of the current period. The accounting treatments of all amounts previously recognized in other comprehensive income in relation to the subsidiary are the same as the basis as if the Group directly disposed of the related assets or liabilities. That is, if the gain or loss previously recognized in other comprehensive income will be reclassified to profit or loss as disposal of the related assets or liabilities, such gain or loss will be reclassified to profit or loss from equity upon lost of control in a subsidiary. If such gain or loss will be directly transferred to retained earnings as disposal of the related assets, it shall be directly transferred to retained earnings.

2) Subsidiaries included in the consolidated financial statements:

			Percentage of equity holding(%)			
Name of investor	Name of subsidiary	Main business activities	March 31, 2021	December 31, 2020	March 31, 2020	Remark
The Company	Huachien Development Co., Ltd. (“Huachien”)	Development, sales and rental industry	58	58	58	--
The Company	Huajian Construction Co., Ltd. (“Huajian”)	Construction industry	100	--	--	Note 1

Note 1: The Company acquired 100% equity of Cyuan Fong Construction Limited Company in February 2021, amounted to $11,500 thousand, and its name was changed to Huajian Construction Co., Ltd. on March 9, 2021.

3) Subsidiaries not included in the consolidated financial statements: None.

4) Adjustments and processing method of subsidiaries for different accounting periods: None.

5) Significant restrictions: None.

6) Subsidiaries of non-controlling interests that are material to the Group:

As of March 31, 2021, and December 31 and March 31, 2020, the Group's total non-controlling interest amounted to $251,412 thousand, $252,422 thousand and $257,075 thousand, respectively. The information on non-controlling interest that are material to the Group and the corresponding subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest: March 31, 2021 AMOUNT (in Thousands)	%	December 31, 2020 AMOUNT (in Thousands)	%	March 31, 2020 AMOUNT (in Thousands)	%
Huachien	Taipei, Taiwan	$ 251,412	42	$ 252,422	42	$ 257,075	42

Balance sheet

	Huachien: March 31, 2021	December 31, 2020	March 31, 2020
Current assets	$ 1,253,959	$ 1,251,278	$ 1,266,925
Non-current assets	67,645	67,609	70,310
Current liabilities	(726,356)	(721,834)	(728,528)
Non-current liabilities	(1,656)	(1,036)	(1,516)
Total net assets	$ 593,592	$ 596,017	$ 607,191

Statement of comprehensive income

	Huachien: Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenue	$ 2,026	$ 1,998
Net loss before income tax	(2,425)	(3,291)
Income tax expense	--	--
Net loss for the period	(2,425)	(3,291)
Other comprehensive income/(loss) (net amount after tax)	--	--
Total comprehensive income/(loss) for the period	($ 2,425)	($ 3,291)
Total comprehensive income/(loss) attributable to non-controlling Interests	($ 1,010)	($ 1,370)
Dividends paid to non-controlling interests	$ --	$ --

Statements of cash flows

	Huachien	
	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net cash used in operating activities	($ 2,117)	($ 3,088)
Net cash used in financing activities	(530)	(510)
Decrease in cash and cash equivalents for the period	(2,647)	(3,598)
Cash and cash equivalents at beginning of period	8,023	30,968
Cash and cash equivalents at end of period	$ 5,376	$ 27,370

d. Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

Foreign currency translation and balances

1) Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the transaction dates or valuation dates, except for those deferred to other comprehensive income in order to comply with cash flow hedging and net investment hedging, translation differences resulting from translation of such transactions are recognized as current profits or losses.

2) For the monetary assets and liabilities denominated in foreign currency, their balances are adjusted based on evaluation of spot exchange rates on the balance sheet date, and the exchange differences arising from the adjustments are recognized as current profits or losses.

3) The non-monetary assets and liabilities denominated in foreign currency whose balances are adjusted based on evaluation of spot exchange rates on the balance sheet date are attributable to be measured at fair value through profit or loss, and the exchange differences arising from the adjustments are recognized as current profits or losses. For those attributable to be measured at fair value through comprehensive income, their exchange differences arising from adjustments are recognized as other comprehensive income. Those not attributable to be measured at fair value are measured at the historical exchange rates on the initial trade date.

e. Standards for classification of current and non-current assets and liabilities

1) Assets that meet one of the following criteria are classified as current assets:

a) Assets 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 those restricted to be exchanged or used to pay off liabilities at least twelve months after the balance sheet date.

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

2) 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) Assets held mainly for trading purposes;

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 at least 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 Group classified its liabilities that do not meet above criteria as non-current liabilities.

3) The operating cycle of property construction for sales is normally more than one year, the related assets and liabilities of construction are therefore differentiated as current and non-current based on the operating cycle (normally three years).

f. Cash and cash equivalents

1) In the statements of cash flows of the Group, cash and cash equivalents include cash on hand, cash in bank, other short-term and highly liquid investments with maturity within three months since the acquisition, and bank overdraft considered as part of the whole cash management that can be repaid at any time. Bank overdraft is listed under short-term borrowings of current liabilities on the balance sheet.

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

   a) Convertible at anytime to fixed amount of cash.

   b) Subject to an insignificant risk on its value due to changes in interest rates.

g. Financial assets at fair value through profit or loss

1) Financial assets that are not measured at amortized cost or at fair value through other comprehensive income. For financial assets at amortized cost or at fair value through other comprehensive income, the Group designated them as the financial assets at fair value through profit or loss upon the initial recognition when it is inconsistent to eliminable or significantly reduced measurement or recognition.

2) The Group’s financial assets at fair value through profit or loss in accordance with customary transactions are applied for trading day accounting.

3) The Group initially recognize the financial assets at fair value, related transaction costs are recognized in profit or loss, and gains and losses from subsequent measurement of fair value are recognized in profit or loss.

4) 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 Group recognizes dividend income in profit or loss.

h. Financial assets at fair value through other comprehensive income

1) 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 fully meet the following conditions:

   a) Financial assets held for the purpose of collecting contractual cash flows and selling under a business model.

   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.

2) The Group’s financial assets at fair value through other comprehensive income in accordance with customary transactions are applied for trading day accounting.

3) The initial recognition of the Group’s financial assets is 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. Upon derecognition, the cumulative gains or losses previously recognized in other comprehensive income are not subsequently reclassified to profit or loss but 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 Group 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. Upon derecognition, the cumulative gains or losses previously recognized in other comprehensive income will be reclassified from equity to profit or loss.

i. Notes receivable and accounts receivable

1) In accordance with terms and conditions of the contracts, accounts and notes are entitled a right in exchange for consideration amount to unconditionally collect due to goods or services transferred.

2) Short-term accounts and notes receivables without bearing interest are measured at initial invoice amount by the Group as effect of discounting is immaterial.

j. Impairment of financial assets

On each balance sheet date, the Group's investment in debt instruments at fair value through other comprehensive income and financial assets at amortized cost, and accounts receivable or contractual assets, lease receivables, loan commitments and financial guarantee contracts with significant financial components are used to consider all reasonable and corroborative information (including forward-looking), and then 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; for the accounts receivable or contract assets that do not contain significant financial components, the loss allowance is measured by the expected credit losses during the period of existence.

k. Derecognition of financial assets

The Group derecognizes a financial asset in the case of meeting one of the following circumstances:

1) The contractual rights to receive the cash flows from the financial asset are expired.

2) The contractual rights to receive cash flows from the financial asset have been transferred and all risks and rewards of ownership of the financial asset are substantially transferred.

3) The contractual rights to receive cash flows from the financial asset have been transferred; however, the control of the financial asset is not retained.

l. Leasing transactions of lessor - Lease receivables/lease

1) Based on the term of a lease contract, a lease is classified as finance lease if the lessee assumes all the risks and rewards incidental to ownership of the lease.

a) At the beginning of a lease, it is recognized as a "lease receivable" based on the net investment in leases (including initial direct costs). The difference between the total amount and the present value of a lease receivable is recognized as "unearned finance income from finance leases".

b) Subsequently, finance income is apportioned over the lease term on a systematic and reasonable basis to reflect the fixed rate of return obtained from the net investment of lease held by the lessor.

c) Lease payments (excluding service costs) relating to the period offset the total amount of investment in leases to reduce principal and unearned finance income.

2) 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.

m. 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. As comparing cost of inventories and their net realizable value, the specific identification approach is used to attribute the costs to each construction project or each category. The interest payables associated with construction (including lands and construction in progress) toward or before completion are capitalized as cost of inventories.

n. Property, plant and equipment

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

2) 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 Group 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.

3) Except for land which is not depreciated, other property, plant and equipment apply cost model for subsequent measurement, and they are depreciated using the straight-line method 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 Group reviews each asset's residual values, useful lives and depreciation methods at each date of fiscal year-end. If expected values of residual values and useful lives differ from the previous estimates or the patterns of expected consumption of the future economic benefits embodied in the assets have changed significantly, it is handled by the regulations of changes in accounting estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of the change. The useful lives of each asset are 3~8 years for the rest of equipment, except for properties and buildings of 5~50 years.

o. Leasing transactions of lessee - right-of-use assets/lease liabilities

1) 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 Group. For short-term leases or leases of low-value underlying assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

2) Lease liabilities are recognized at the present value of the outstanding lease payments discounted at the incremental borrowing rate of the Group on the starting date of the lease. Lease payments include fixed payments minus any lease incentives that may be collected.

   Subsequently, the interest approach is adopted to measure at amortized cost, and interest expenses are recognized during the lease term. The lease liabilities are 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.

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

   a) The initial measured amount of lease liabilities; and

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

   The right-of use assets are 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 liabilities are reassessed, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

p. Intangible assets

Goodwill

Goodwill arises from the business combination handling by the acquisition method.

q. Impairment of non-financial assets

1) The Group 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 loss had not been recognized.

2) Goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use are regularly estimated their recoverable amount. When the recoverable amount is lower than its carrying amount, an impairment loss is recognized. The impairment loss of goodwill shall not be reversed in subsequent years.

3) Goodwill is allocated to cash-generating units for the purpose of an impairment test. This allocation is based on the judgment of the operating units and the goodwill is allocated among cash-generating units or groups that are expected to benefit from goodwill generated in business combination.

r. Borrowings

1) Borrowings refer to the long-term and short-term loans borrowed from the bank and other long-term and short-term loans. The Group 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.

2) 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 prepayments for liquidity services and amortized over the period of the facility to which it relates.

s. Notes and accounts payable

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

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

t. Provisions

Provisions are recognized when the Group 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.

u. Employee benefits

1) 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.

2) 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

i. The net obligation under a defined benefit plan is defined as the present value of pension benefits that employees will receive on retirement for their services with the Company in the current period or prior periods. The amount recognized 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.

ii. 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.

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

iv. The interim pension cost is calculated based on actuarial pension cost rate of the preceding ending date of the fiscal year from the start to the end of the year. If, after the closing date, there incurs material market changes, settlement, or other material one-time event, the defined benefit plans are to be adjusted, and relevant information is to be disclosed in accordance with the aforementioned policies.

3) Termination benefit

Termination benefit is offered when the Group terminates the employee’s contract before normal retirement date or when the employee decides to accept the Group’s offer of benefits in exchange for benefits of the termination of employment. The Group recognizes the cost at the earlier of when the offer of benefits is no longer with drawable 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.

4) 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. If the accrued amounts are different from the actual distributed amounts resolved by the shareholders subsequently, the differences should be accounted for as changes in accounting estimates.

v. Income tax

1) The income tax expenses include 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.

2) The Group calculates the current income tax expense in compliance with the tax rate of the tax laws enacted or substantively enacted at the balance sheet date in the countries of operation and generating 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. For the income tax levied on retained earnings in accordance with the Income Tax Law, it shall be recognized as retained earnings income tax expenses, based on the actual allocation status of surplus, after the surplus allocation plan has been approved in the shareholders' meeting in the following year of the year in which the surplus is generated.

3) The land value increment tax arising from selling land of construction projects is attributable to the tax generated from income of land sales, and it should be recognized under income tax expenses in the current period.

4) 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 consolidated balance sheet. Deferred tax liabilities for goodwill arising from original recognition are not recognized, if the deferred tax is derived from original recognition of the asset or liability in the transaction (excluding business combinations), and if at the time of the transaction the accounting profit or taxable income (taxable loss) is not affected, then the liabilities will not be recognized. 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 Group 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.

5) 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.

6) 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.

7) “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 Group assessed the impact of the basic income tax on the consolidated financial statements for current period income tax.

8) Income tax expense in the interim is computed by applying the estimated average effective tax rate in annual term to the pre-tax profit or loss in the interim.

w Revenue recognition

1) The Group operates land development and sales of residential properties and recognizes revenue when the control of properties is transferred to customers. For the contracts of sales of properties that have been signed, the Group 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 Group has an enforceable right to collect the contractual amounts; and, therefore, the revenues are recognized when the legal titles are transferred to the customers.

2) 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 Group and the customers agree to defer payment, but period of deferred payment will be no more than 12 months. The Group determines these defer payment contracts do not contains significant financial component and therefore no adjustment to the consideration amount.

x. Business combination

1) The Group applies the acquisition method to account for business combinations. The combination consideration is calculated on the basis of the fair value of the transferred assets, liabilities generated or assumed, and the issued equity instruments. The transferred consideration includes the fair value of any assets and liabilities arising from contingent consideration agreements. The costs associated with the acquisition are recognized as expenses when incurred. The identifiable assets and liabilities acquired through business combinations shall be measured at fair value at the acquisition date. The Group conducts each acquisition transaction separately. If the components of non-controlling interests in the acquiree are present ownership interests and their holders are entitled to a proportional share of the acquiree's net assets when the liquidation occurs, the Group elects to measure the components at fair value at the acquisition date or by the proportion of non-controlling interests in

the identifiable net assets of the acquiree; all other components of non-controlling interests are measured at the fair value at the acquisition date.

2) If the aggregate of the value of consideration transferred, the amount of non-controlling interests of the acquiree, and the fair value of the acquirer's previously-held equity interest in the acquiree exceeds the fair value of identifiable assets acquired and liabilities assumed, the difference is recognized as goodwill at the acquisition date. If the fair value of identifiable assets acquired and liabilities assumed exceeds the aggregate of the value of consideration transferred, the amount of non-controlling interests of the acquiree, and the fair value of the acquirer's previously-held equity interest in the acquiree, the difference is recognized as profit or loss at the acquisition date.

y. Operating segments

Operating segments of the Group are reported in a manner consistent with the internal management reports provided to the chief operating decision makers. The chief operating decision makers are responsible for allocating resources of the operating segments and assessing their performance, and the chief operating decision makers of the Group have been identified as the Board of Directors.

z. Earnings per shares

The Group lists basic and diluted earnings per share (”EPS”) attributable to the Company's equity holders of common stocks. Basic EPS of the Group is calculated by dividing the net income attributable to the Company's equity holders of common stocks by the weighted average number of shares of outstanding common stock in the current period. Diluted EPS is calculated by adjusting the net income attributable to the Company's equity holders of common stocks and the weighted average number of shares of outstanding common stock separately for the effects of all dilutive potential common stocks.

aa. Dividends

Dividends distributed to the Company's shareholders are recorded in the financial statements when the dividends distribution is approved in the Company’s shareholders meetings. Distribution of cash dividends is recorded as liabilities; distribution of stock dividends is recorded as stock dividends to be distributed and it will be reclassified to common stocks on the record date for the issuance of new shares.

5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Significant accounting assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Please refer to below description of Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions:

a. Significant judgments in applying the Group's accounting policies

None.

b. Significant accounting estimates and assumptions

The Group 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:

Inventory valuation

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technological changes, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. This valuation of inventories is mainly determined based on assumptions of product demand within a specific period in the future, which may cause a significant variation.

As of March 31, 2021, the Group's carrying amount of inventories is $7,477,413 thousand.

6. Details of Significant Accounts

a. Cash and cash equivalents

	March 31, 2021		December 31, 2020		March 31, 2020	
Cash on hand and working capital	$	270	$	180	$	180
Checking deposits and demand deposits		1,866,969		1,842,662		177,187
Time deposits		--		--		12,090
Total	$	1,867,239	$	1,842,842	$	189,457

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

2) Time deposits with original maturity within three months are reported as cash and cash equivalents because they are convertible into fixed amounts of cash at anytime subject to an insignificant risk of changes in value to meet short-term cash commitments instead of investment or other purposes.

3) The Group has no cash and cash equivalents provided for pledge.

b. Financial assets at fair value through profit or loss

Item	March 31, 2021		December 31, 2020		March 31, 2020	
Financial assets mandatorily measured at fair value through profit or loss						
Listed stocks	$	--	$	--	$	1,919
Beneficiary certificates		--		--		21,205
Total	$	--	$	--	$	23,124
Current	$	--	$	--	$	23,124
Non-current		--		--		--
Total	$	--	$	--	$	23,124

1) The Group recognized a loss on valuation of $10,701 thousand for the three months ended March 31, 2020.

2) Please refer to Note 12(b) for information related to credit risk.

c. Financial assets at fair value through other comprehensive income

Item	March 31, 2021		December 31, 2020		March 31, 2020	
Investments in equity instrument at fair value through other comprehensive income						
Unlisted stocks	$	3,014	$	2,898	$	2,953
Current	$	--	$	--	$	--
Non-current		3,014		2,898		2,953
Total	$	3,014	$	2,898	$	2,953

1) The above equity instruments held by the Group are long-term strategic investments and are not held for trading purpose; therefore, it has been designated to be measured at fair value through other comprehensive income.

2) On April 2, 2008, Emphasis Materials, Inc. was dissolved by resolution. The extraordinary shareholders meeting on June 4, 2020 resolved that the record date for completion of liquidation was May 5, 2020, and partial payments of the shares for liquidation of $1,200 thousand were recovered for the year ended December 31, 2020.

3) The profit recognized by the Group in other comprehensive income for the three months ended March 31, 2021 and 2020 were $116 thousand and ($816) thousand, respectively.

4) Please refer to Note 12(b) for information related to credit risk.

d. Notes receivable and accounts receivable

	March 31, 2021		December 31, 2020		March 31, 2020	
Notes receivable	$	5,430	$	1,647	$	5,114
Less: allowance for doubtful accounts		--		--		--
Subtotal		5,430		1,647		5,114
Accounts receivable		6		6		17
Less: allowance for doubtful accounts		--		--		--
Subtotal		6		6		17
Total	$	5,436	$	1,653	$	5,131

1) The Group grants average credit term of 60 days to its accounts receivable which are non-interest bearing.

2) The Group's maximum exposure to credit risk of accounts receivable and notes receivable as of March 31, 2021, and December 31 and March 31, 2020, were the carrying amount of each class of accounts receivable and notes receivable.

3) The Group's aging analysis of accounts receivable and notes receivable is as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Not overdue	$ 5,436	$ 1,653	$ 5,131
Less than 1 month overdue	--	--	--
1 - 3 month(s) overdue	--	--	--
3 - 6 months overdue	--	--	--
More than 6 months overdue	--	--	--
Total	$ 5,436	$ 1,653	$ 5,131

4) The Group measures the allowance for doubtful notes and accounts receivables by using the provision matrix is as follows:

March 31, 2021	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not overdue	--	$ 5,436	$ --	$ 5,436
Less than 1 month overdue	--	--	--	--
1 - 3 month(s) overdue	--	--	--	--
3 - 6 months overdue	--	--	--	--
More than 6 months overdue	--	--	--	--
Total		$ 5,436	$ --	$ 5,436

December 31, 2020	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not overdue	--	$ 1,653	$ --	$ 1,653
Less than 1 month overdue	--	--	--	--
1 - 3 month(s) overdue	--	--	--	--
3 - 6 months overdue	--	--	--	--
More than 6 months overdue	--	--	--	--
Total		$ 1,653	$ --	$ 1,653

March 31, 2020	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not overdue	--	$ 5,131	$ --	$ 5,131
Less than 1 month overdue	--	--	--	--
1 - 3 month(s) overdue	--	--	--	--
3 - 6 months overdue	--	--	--	--
More than 6 months overdue	--	--	--	--
Total		$ 5,131	$ --	$ 5,131

5) Please refer to Note 12(b) for information related to credit risk.

e. Other receivables

	March 31, 2021	December 31, 2020	March 31, 2020
Other receivables	$ 55,572	$ 56,253	$ 96,476
Less: allowance for doubtful accounts	(16,245)	(16,245)	(16,245)
Total	$ 39,327	$ 40,008	$ 80,231

f. Inventories

	March 31, 2021	December 31, 2020	March 31, 2020
Lands for sale	$ 52,141	$ 52,141	$ 94,327
Buildings for sale	28,986	28,986	48,750
Lands held for construction	7,076,485	5,928,195	4,218,540
Construction in progress	571,963	501,113	374,083
Prepayments for lands	137,234	--	--
Less: allowance for loss on decline in market value of inventories	(389,396)	(389,396)	(389,396)
Total	$ 7,477,413	$ 6,121,039	$ 4,346,304

1) Details of lands for sale and buildings for sale:

Name of Case	March 31, 2021 Lands for sale	March 31, 2021 Buildings for sale	December 31, 2020 Lands for sale	December 31, 2020 Buildings for sale	March 31, 2020 Lands for sale	March 31, 2020 Buildings for sale
Li Hsiang Jia A	$ 511	$ 1,251	$ 511	$ 1,251	$ 511	$ 1,251
Sheng Huo Jia A	2,864	2,482	2,864	2,482	2,864	2,482
Ya Dian Wang Chao A	--	456	--	456	--	456
Ya Dian Wang Chao B	--	1,722	--	1,722	--	1,722
Hang Sha	5,505	2,809	5,505	2,809	5,505	2,809
Shi Tan Duan A	43,261	20,266	43,261	20,266	85,447	40,030
Total	$ 52,141	$ 28,986	$ 52,141	$ 28,986	$ 94,327	$ 48,750

2) Details of lands held for construction and construction in progress:

Name of Case	March 31, 2021 Lands held for construction	March 31, 2021 Construction in progress	December 31, 2020 Lands held for construction	December 31, 2020 Construction in progress	March 31, 2020 Lands held for construction	March 31, 2020 Construction in progress
Shu Lin An	$ 112,371	$ 85,821	$ 112,371	$ 85,821	$ 112,371	$ 85,821
Sheng Huo Jia B	7,803	1,350	7,803	1,350	7,803	1,350
Hsin Dian He Feng	483,764	148,391	483,764	148,391	483,764	148,391
Tai Yuan Lu	1,211,267	34,652	1,211,267	34,652	1,211,267	25,868
Fu De Duan B	423	--	423	--	423	--
Hsin Guang Lu B	2,217	--	2,217	--	2,217	--
Rong Hsing Duan	73,440	94,148	73,440	68,337	73,440	12,870
Huai Sheng Duan	1,418,917	14,882	1,418,917	13,964	1,418,917	10,827
Yun He Jie A	621,454	168,223	621,454	144,210	621,454	87,980
Yun He Jie B	1,712	--	1,712	--	1,712	--
Wen Lin Bei Lu	285,172	976	285,172	976	285,172	976
Xin Bi Duan	875,582	8,347	875,582	1,863	--	--
Le Jie Duan A	517,902	3,096	517,902	1,514	--	--
Qing Xi Duan A	316,171	7,448	316,171	35	--	--
Qing Xi Duan B	1,148,290	2,143	--	--	--	--
Shalu New Station	--	2,486	--	--	--	--
Total	$ 7,076,485	$ 571,963	$ 5,928,195	$ 501,113	$ 4,218,540	$ 374,083

3) Details of prepayments for lands:

Name of Case	March 31, 2021	December 31, 2020	March 31, 2020
Le Jie Duan B	$ 100,489	$ --	$ --
Shalu New Station	36,745	--	--
Total	$ 137,234	$ --	$ --

4) For the three months ended March 31, 2021 and 2020, the interest capitalization amounted to $2,267 thousand and $2,769 thousand, respectively, and the annual interest rate of capitalization were 1.616% and 1.8604%, respectively, for lands held for construction and construction in progress.

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

6) Significant description on construction projects

   a) As of March 31, 2021, Yun He Jie A, Rong Hsing Duan, Xin Bi Duan, and Le Jie Duan A were contracted with total amount of $508,205 thousand, and $148,142 thousand were paid.

   b) Except for the above contracted construction projects, the rest is not contracted yet and not able to estimate cost and revenue.

7) The related expenses or losses of inventories recognized in the current period is as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Cost of inventory sold	$ --	$ --
Loss on decline in market value of inventories	--	--
Total	$ --	$ --

g. Other financial assets

Item	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits	$ --	$ 55,000	$ 79,500
Bank deposits	157,437	156,021	139,060
Total	$ 157,437	$ 211,021	$ 218,560
Current	$ 157,437	$ 211,021	$ 218,560
Non-current	--	--	--
Total	$ 157,437	$ 211,021	$ 218,560

For details of other financial assets provided for pledge, please refer to Note 8.

h. Property, plant and equipment

	Lands	Property and buildings	Transportation equipment	Office equipment	Other	Total
Cost						
Balance as of January 1, 2021	$ 94,331	$ 38,958	$ 639	$ 7,246	$ 257	$ 141,431
Additions	--	--	--	341	--	341
Balance as of March 31, 2021	$ 94,331	$ 38,958	$ 639	$ 7,587	$ 257	$ 141,772
Balance as of January 1, 2020	$ 94,331	$ 38,960	$ 639	$ 6,290	$ 257	$ 140,477
Additions	--	--	--	--	--	--
Balance as of March 31, 2020	$ 94,331	$ 38,960	$ 639	$ 6,290	$ 257	$ 140,477

	Lands	Property and buildings	Transportation equipment	Office equipment	Other	Total
Depreciation and impairment loss						
Balance as of January 1, 2021	$ --	$ 17,368	$ 359	$ 5,601	$ 229	$ 23,557
Depreciation for the period	--	409	20	124	--	553
Balance as of March 31, 2021	$ --	$ 17,777	$ 379	$ 5,725	$ 229	$ 24,110
Balance as of January 1, 2020	$ --	$ 15,826	$ 280	$ 5,564	$ 221	$ 21,891
Depreciation for the period	--	409	20	66	7	502
Balance as of March 31, 2020	$ --	$ 16,235	$ 300	$ 5,630	$ 228	$ 22,393
Carrying amount						
March 31, 2021	$ 94,331	$ 21,181	$ 260	$ 1,862	$ 28	$ 117,662
December 31, 2020	$ 94,331	$ 21,590	$ 280	$ 1,645	$ 28	$ 117,874
March 31, 2020	$ 94,331	$ 22,725	$ 339	$ 660	$ 29	$ 118,084

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

i. Leasing transactions - lessee

1) The underlying assets leased by the Group are buildings and company cars with the lease term usually between one to four years. Lease contracts are negotiated individually and contain a variety of terms and conditions. Except for the part of leased assets not to be subleased, pledged, disposed of, or engaged in the business of taking passengers and goods, no other restrictions are imposed.

2) The lease terms of the Group's leased transportation equipment and parking spaces do not exceed twelve months, and the leases of low-value underlying assets are office equipment. Besides, as of March 31, 2021 and 2020, the Group's lease payment for short-term lease commitments were $372 thousand and $145 thousand, respectively.

3) The carrying amounts of the right-of-use asset and the depreciation expense recognized are as follows:

	March 31, 2021	Three Months Ended March 31, 2021	March 31, 2020	Three Months Ended March 31, 2020
	Carrying amount	Depreciation expense	Carrying amount	Depreciation expense
Property and buildings	$ 6,078	$ 493	$ 8,289	$ 488
Transportation equipment	--	--	415	191
Total	$ 6,078	$ 493	$ 8,704	$ 679

4) Movements in right-of-use asset of the Group from January 1 to March 31, 2021 and 2020 were as follows:

	Property and buildings	Transportation equipment	Total
January 1, 2021	$ 6,571	$ --	$ 6,571
Depreciation expense	(493)	--	(493)
March 31, 2021	$ 6,078	$ --	$ 6,078

	Property and buildings	Transportation equipment	Total
January 1, 2020	$ 4,363	$ 606	$ 4,969
Additions	8,777	--	8,777
Depreciation expense	(488)	(191)	(679)
Lease modification	(4,363)	--	(4,363)
March 31, 2020	$ 8,289	$ 415	$ 8,704

5) The right-of-use assets of the Group increased by $0 thousand and $8,777 thousand for the three months ended March 31, 2021 and 2020, respectively.

6) The profit and expenses related to the lease contracts are recognized as follows:

Items affecting the current profit or loss	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Interest expense of lease liabilities	($ 29)	($ 31)
Expense attributable to short-term lease	($ 165)	($ 57)
Expense attributable to lease of low-value assets	($ 14)	($ 23)

7) The total cash outflow for the leases of the Group for the three months ended March 31, 2021 and 2020 amounted to $689 thousand and $781 thousand, respectively.

j. Leasing transactions - lessor

1) The leased underlying assets of the Group include lands and buildings with the lease term usually between one to six years. Lease contracts are negotiated individually and contain various terms and conditions. To ensure that the leased assets of the Group are used normally, the lease contract requires the lessee not to sublease, add, modify, pledge or use by a third party.
2) The Group recognized the rental income from operating lease contracts of $2,210 thousand and $2,217 thousand, respectively, for the three months ended March 31, 2021 and 2020, of which none of the rental income was recognized as variable lease payments.
3) The due date of lease payments under operating leases of the Group are analyzed as follows:

	March 31, 2021	March 31, 2020
March 31, 2021	--	7,028
March 31, 2022	7,431	3,909
March 31, 2023	4,066	2,000
March 31, 2024	1,521	129
March 31, 2025	486	--
March 31, 2026	262	--
Total	$ 13,766	$ 13,066

k. Intangible assets

	March 31, 2021	December 31, 2020	March 31, 2020
Goodwill			
Cost	$ 11,410	$ --	$ --

	Goodwill
January 1, 2021	$ --
Additions - business combination	11,410
March 31, 2021	$ 11,410

l. Impairment of non-financial assets

For the three months ended March 31, 2021 and 2020, the Group did not recognized an impairment loss or gain on reversal from property, plant and equipment.

m. Short-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
Secured borrowings	$ 2,175,000	$ 915,000	$ 282,000
Credit borrowings	276,000	--	--
Total	$ 2,451,000	$ 915,000	$ 282,000
Interest rate intervals recorded under short-term borrowings at the end of period(%)	1.30～1.68	1.30～1.60	1.30～1.60

1) The above borrowings are used for constructions and working capital with terms of one to three years.

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

n. Notes payable and accounts payable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes payable	$ 2,011	$ 1,723	$ 2,990
Accounts payable	35,658	36,991	386
Provisional accounts payable	11,226	11,226	18,560
Subtotal	46,884	48,217	18,946
Accounts payable – related parties	94,571	94,571	--
Total	$ 143,466	$ 144,511	$ 21,936

o. Long-term borrowings

Nature	March 31, 2021		December 31, 2020		March 31, 2020	
Secured long-term borrowings - To be expired and paid off in one payment in August 2023 with floating interest rate. The interest rates as of March 31, 2021, and December 31 and March 31, 2020 were all 1.945%.	$	60,000	$	60,000	$	10,000
Secured long-term borrowings - Starting from November 2013, the repayments made monthly until October, 2016. In October, 2016, the repayment date became a one-off payment in October 2019 in according to supplementary contract. In July 2017, in according to another supplementary contract, the repayment will be at least 70% of the total sales price of property, if there is any sale of property, and the repayment of remaining amount will be a one off-payment in November 2020 with floating interest rate. The interest rate as of March 31, 2020 was 1.78%.		--		--		403,000
Secured long-term borrowings - Originally matured and repaid in a one-off payment in October, 2019. In July 2017, in according to a supplementary contract, the repayment will be at least 70% of the total sales price of property, if there is any sale of property, and the repayment of remaining amount will be a one off-payment in November 2020 with floating interest rate. The interest rate as of March 31, 2020 was 1.78%.		--		--		110,000

Lands and buildings - pledged from August, 2017, the repayment will be at least 70% of the total sales price of property, if there is any sale of property, and the repayment of remaining amount will be a one off-payment in August 2022 with floating interest rate. The interest rate as of March 31, 2021, and December 31 and March 31, 2020, were 1.6998%, 1.6998%, and 1.7643%, respectively.	711,900	711,900	711,900
Total	771,900	771,900	1,234,900
Less: Long-term borrowings due within one operating cycle	(771,900)	(771,900)	(1,224,900)
Net balance	$ --	$ --	$ 10,000

1) Repayment deadlines of above long-term borrowings are as follows:

Maturity	AMOUNT
March 31, 2023	$ 711,900
March 31, 2024	60,000
Total	$ 771,900

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

p. Pensions

1) Defined benefit plans

a) The Company has established an employee retirement policy for employees who are officially hired, and, according to the regulations of the policy, the payment of employees' pension under the "defined benefit plan" is based on years of service and the average salary for the six months prior to retirement. It contributes monthly with an amount equal to 2% of the total employees' salaries and wages to the retirement fund which is managed by the Employee Pension Fund Management Committee and deposited in the name of the Bank of Taiwan.

b) For the three months ended March 31, 2021 and 2020, the Company reversed pension costs of $2 thousand and recognized pension costs of $38 thousand in accordance with the aforementioned pension policy.

c) Estimated contributions to the defined benefit pension plans of the Company for the year ended on December 31, 2021 amounting to $0 thousand.

2) Defined contribution plan

Effective July 1, 2005, the Group contributes to the employees' individual pension accounts at the Bureau of Labor Insurance under the Labor Pension Act (the "Act"), and $153 thousand and $120 thousand, respectively, were contributed for the three months ended March 31, 2021 and 2020.

q. Provisions

	Provisions for employee benefits
Balance as of January 1, 2020	$ 644
Provisions used during the period	(644)
Balance as of March 31, 2020	$ --
Balance as of January 1, 2021	$ 761
Provisions used during the period	(761)
Balance as of March 31, 2021	$ --

Analysis of provisions was as follow:

	March 31, 2021	December 31, 2020	March 31, 2020
Current	$ --	$ 761	$ --
Non-current	$ --	$ --	$ --

r. Share capital

1) The Company's authorized share capital was $5,336,135 thousand with par value of $10 per share which is all common stock. As of March 31, 2021, and December 31 and March 31, 2020, total paid-in capital were $5,207,525 thousand, $5,207,525 thousand. and $2,707,525 thousand, respectively.

2) Details of the Company's previous issuance of stocks at discount (private placement) were as follows;

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

3) Movements in the number of shares of the Company's common stocks outstanding at the beginning and end of period are as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Balance as of January 1	520,753 thousand shares	270,753 thousand shares
Issuance of common stocks for cash	--	--
Balance as of March 31	520,753 thousand shares	270,753 thousand shares

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

s. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
Common stocks premium	$ 649,433	$ 649,433	$ --
Cash dividend unclaimed for over five years	592	592	592
Difference in net value of equity adjusted by equity method	1,100	1,100	1,100
Gains after tax on disposal of fixed assets held by investee under equity method	7,487	7,487	7,487
Exercise disgorgement	1	1	--
Total	$ 658,613	$ 658,613	$ 9,179

Pursuant to the Company Act, capital surplus arising from paid-up capital in excess of par value on issuance of common stocks and income from donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership if the company has no accumulated deficit. In addition, according to relevant provisions of the Securities Exchange Act, when appropriating capital from the aforementioned capital surplus, its total amount is limited to 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient to cover the capital deficit.

t. Retained earnings

1) Legal reserve

The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash to shareholders is limited to the portion in excess of 25% of the paid-in capital.

2) Special reserve

When distributing the earnings, in accordance with the regulations, the Company shall set aside special reserve from the debit balance of other equity items at the balance sheet date in the current year. When the 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 related assets are used, disposed of or reclassified. If the aforesaid related assets are investment properties, the parts attributable to lands should be reversed during disposal or reclassification, and the part other than the lands should be reversed gradually during the period of use.

3) Distribution of retained earnings

In accordance with the Articles of Incorporation, the Company shall use earnings at the annual closing, if any, to pay all taxes and offset prior years' accumulated deficit while no legal reserve shall be set aside if it is up to the paid-in capital of the Company. Thereafter 10% shall be either set aside as legal reserve according to laws, and appropriate or reverse the special reserve according to the laws or regulations of competent authorities. Any remaining earnings plus unappropriated earnings accumulated at the beginning of the period 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; however, if the distributable earnings are fewer than 5% of the Company's paid-in capital, it shall not be distributed.

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

4) On March 30, 2021, the Company adopted the resolution by the Board of Directors' meeting to not distribute 2020 earnings due to deficits. In addition, on June 23, 2020, the Company adopted the resolution of the 2019 earnings distribution at the annual shareholders' meeting, which proposed to distribute $27,075 thousand as shareholders' dividends.

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

u. Non-controlling interests

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Balance as of January 1	$ 252,422	$ 258,445
Share attributable to non-controlling interests:		
Net loss for the period	(1,010)	(1,370)
Balance as of March 31	$ 251,412	$ 257,075

v. Operating revenue

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenue from customer contracts		
Sales revenue - lands	$ --	$ --
Sales revenue - buildings	--	--
Rental income	2,210	2,217
Total	$ 2,210	$ 2,217

1) The Group's recognition timing on revenue from customer contracts for the three months ended March 31, 2021 and 2020 were as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenue recognized at a certain timing	$ --	$ --

2) Contracts liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
Contracts liabilities:			
Sales of properties	$ 391,992	$ 342,486	$ 235,790

The Group's current contract liabilities was increased as compared to the previous two periods mainly due to the performance obligations had not been fulfilled, and, therefore, the partial consideration received from customers in advance had not been recognized as revenue.

Of the opening balances of contract liabilities for 2021 and 2020, the amounts of revenue recognized for the three months ended March 31, 2021 and 2020 were both $0 thousand.

w. Other income

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Interest income:		
Interest on bank deposits	$ 58	$ 462
Other interest income	4	41
	62	503
Dividend income	--	1
Other income - other	947	859
Total	$ 1,009	$ 1,363

x. Other gains and losses

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Gain on foreign exchange, net	$ 155	$ 363
Loss on financial assets at fair value through profit or loss	--	(10,701)
Gain on lease modification	--	11
Other losses	(6)	--
Total	$ 149	($ 10,327)

y. Additional information on nature of cost and expenses

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Attributable to Operation Costs	Attributable to Operation Expenses	Total	Attributable to Operation Costs	Attributable to Operation Expenses	Total
Employee benefit expenses	$ --	$ 10,864	$ 10,864	$ --	$ 9,424	$ 9,424
Depreciation expense	--	1,046	1,046	--	1,181	1,181
Amortization expense	--	148	148	--	--	--

z. Employee benefit expenses

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Wages and salaries	$ 9,094	$ 6,700
Director's remuneration	1,010	1,983
Labor and health insurance	253	295
Pension	151	158
Other personnel expenses	356	288
Total	$ 10,864	$ 9,424

1) In accordance with the Articles of Incorporation, the Company shall set aside profits, if any, for no less than 1.5% as employees' compensation and no more than 2% for directors' remuneration while the Company shall reserve in advance for the amount to offset accumulated deficit, if any. The distribution percentage of employees' compensation and director's remuneration as mentioned in the preceding paragraph and employees' compensation may be distributed by way of stock or cash and shall be resolved in the meeting of the Board of Directors attended by more than two-thirds of directors of which half of the attended directors shall agree to process as well as reported at the shareholder's meeting.

   The profits for the current year above mentioned in the preceding paragraph refers to the profits of the current year profits before tax less the distribution of employees' bonus and directors' remuneration

2) For the three months ended March 31, 2021 and 2020, the employees' compensation and directors' remuneration of the Company were both $0 thousand, estimated and recorded by the profitability as of the current period.

   The number of shares of stock dividend distributed is calculated based on the closing price of the day prior to the date of resolution being made by the Board of Directors with consideration on the effect of ex-rights. If the actual amounts of distribution subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in profit and loss in the next year.

3) 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 approved by the Company's Board of Directors and shareholders' meeting.

aa. Finance costs

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Interest expense	$ 8,080	$ 7,375
Less: capitalization amount of qualifying assets	(2,267)	(2,769)
Total	$ 5,813	$ 4,606

bb. Income tax

1) Income tax expense

Components of income tax expense:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Current income tax	$ --	$ --
Deferred tax	--	--
Income tax expense	$ --	$ --

2) The profit-seeking enterprise income tax of the Company is approved by the taxation authority till 2019.

cc. Earnings per share

The earnings and weighted average number of shares of common stocks used for calculation of earnings per share are as follows:

	Three Months Ended March 31, 2021		
	Amount after tax	Weighted average number of shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net loss for the period attributable to the parent company	($ 19,465)	520,753	($ 0.04)

Diluted earnings per share

None.

	Three Months Ended March 31, 2020		
	Amount after tax	Weighted average number of shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net loss for the period attributable to the parent company	($ 22,920)	270,753	($ 0.08)

Diluted earnings per share

None.

dd. Business combination

1) On February 17, 2021, the Group acquired 100% equity interest in Huajian for cash of $11,500 thousand and obtained control over Huajian, which is a Grade A general construction plant, for the purpose of control the construction progress, quality and cost with really helpful results after purchase by the Group.

2) The consideration paid for the acquisition of Huajian, the fair value of the acquired assets and liabilities assumed at the acquisition date, and the information on the fair value of non-controlling interests at the acquisition date is as follows:

	February 17, 2021
Consideration of the acquisition	
Cash	$ 11,500
	11,500
Fair Value of Identifiable Assets and Assumed Liabilities Acquired	
Prepayments	90
Total Identifiable Assets	90
Goodwill	$ 11,410

3) Since the Group's consolidation of Huajian on February 17, 2021, Huajian contributed operating revenue and net loss before income tax of $0 thousand and $75 thousand, respectively. Suppose that Huajian has been consolidated since January 1, 2021, the Group’s operating revenue and loss before tax would have been $0 thousand and $261 thousand, respectively.

ee. Changes in liabilities from financing activities

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

	January 1, 2021	Cash flow	Other non-cash	March 31, 2021
Short-term borrowings	$ 915,000	$ 1,536,000	$ --	$ 2,451,000
Lease liabilities	6,599	(510)	29	6,118
Long-term borrowings	771,900	--	--	771,900
Guarantee deposits	10,305	(28)	--	10,277
Liabilities from financing activities	$ 1,703,804	$ 1,535,462	$ 29	$ 3,239,295

	January 1, 2020	Cash flow	Other non-cash	March 31, 2020
Short-term borrowings	$ 282,000	$ --	$ --	$ 282,000
Lease liabilities	4,974	(701)	4,434	8,707
Long-term borrowings	1,224,900	10,000	--	1,234,900
Guarantee deposits	10,181	(44)	--	10,137
Liabilities from financing activities	$ 1,522,055	$ 9,255	$ 4,434	$ 1,535,744

7. Related Party Transactions

Balances and amounts of transaction between the Company and subsidiaries had been eliminated upon consolidation and was not disclosed in this note. Details of transactions between the Group and other related parties were disclosed as follows:

a. Name of related parties and relationship

Name	Relationship with the Company
Da Shuo Investment Co., Ltd.	That company's chairman is the first degree relative of the directors of the Company (The director resigned on June 23, 2020)
Lin Hsing-Hsiung	Second degree relative of the director of the Company (The director resigned on June 23, 2020)
Lin Wei-Pang	Second degree relative of the director of the Company (The director resigned on June 23, 2020)
Lin Yuan-Yi	Second degree relative of the legal person as director of the Company
Lin Heng-Yi	Second degree relative of the legal person as director of the Company
Lin Po-Feng	Director of the Company (The director resigned on June 23, 2020)
Weng Chu-Chih	Director’s spouse of the Company (The director resigned on June 23, 2020)
Lin Hui-Chuan	Second degree relative of the director of the Company (The director resigned on June 23, 2020)
Lin Chia-Hung	Substantive related party
He Feng Investment Co., Ltd.	Substantive related party

b. Significant transactions between related parties

1) Sales of goods and service

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Rental income - Other related parties	$ --	$ 7

The lease term is from April 2015 to March 2020 with rental collected annually.

2) Purchase

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Payments for lands		
He Feng Investment	$ 387,875	--

3) The balances of debts and creditor's rights with related parties were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts payable			
Lin Chia-Hung	$ 94,571	$ 94,571	$ --
Refundable deposits			
Other related parties	$ 2,442	$ 2,442	$ 12,210

4) Others

As of March 31, 2021, the refundable guarantee notes issued by the Company to a related party, Lin Chia-Hung amounted to $1,088,100 thousand.

c. Information on Key management's compensation

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Salaries and other short–term employment benefits	$ 2,357	$ 2,754
Termination benefits	--	--
Post-employment benefits	--	--
Other long-term employee benefits	--	--
Share-based payment	--	--
Total	$ 2,357	$ 2,754

8. Pledged Assets

The Group's assets provided as collateral are as follows:

Item of Assets	Purpose of collateral	Carrying value March 31, 2021	December 31, 2020	March 31, 2020
Inventories				
Lands for sale	Performance guarantee	$ 5,505	$ 5,505	$ 5,505
Buildings for sale	Performance guarantee	2,809	2,809	2,809
Lands held for construction	Long-term and short-term borrowings	4,864,509	3,185,853	2,832,926
Construction in progress	Long-term and short-term borrowings	295,687	245,863	125,381
Property, plant and equipment				
Lands	Short-term borrowings	36,006	36,006	36,006
Property and buildings	Short-term borrowings	19,020	19,343	20,222
Other equipment	Short-term borrowings	28	28	29
Other financial assets - current	Trust account	157,437	156,021	139,060
Total		$ 5,381,001	$ 3,651,428	$ 3,161,938

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

a. As of March 31, 2021, the Group received the deposited guarantee notes from the contractors and customers amounted to $47,650 thousand.

b. As of March 31, 2021, the refundable guarantee notes issued by the Company to the landlord amounted to $1,684,045 thousand.

c. As of March 31, 2021, the Company signed the contracts of pre-sale of properties with customer amounted to $1,973,800 thousand, and have been received $391,790 thousand according to the contract's term and conditions.

d. As of March 31, 2021, the Company signed the contracts with the contractors amounted to $508,205 thousand, of which $360,063 thousand was unpaid.

e. As of March 31, 2021, 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.

f. As of March 31, 2021, the Company signed the contracts for the purchase of lands amounted to $686,173 thousand and the titles have not been transferred, of which $548,939 thousand unpaid.

10. Significant Disaster Loss: None

11. Significant Events after the Balance Sheet Date:

a. The Company obtained land of no. 31, New High Speed Rail Section, Wuri District, Taichung City with the total transaction price of $3,895,679 thousand on April 7, 2021.

b. On April 15, 2021, the Board of Directors resolved to propose a private placement of cash capital increase by issuing common stocks for a maximum of 200,000 thousand shares at a par value of $10 per share.

12. Others

a. Capital risk management

The Group's objectives of capital management are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital and to provide returns for shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to lower the debts. The Group monitors its capital by regularly reviewing its debt to asset ratio.

The Group's debt to asset ratio as of March 31, 2021, and December 31 and March 31, 2020 are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Total liabilities	$ 3,817,953	$ 2,230,308	$ 1,833,478
Total assets	$ 10,198,152	$ 8,630,866	$ 5,179,893
Debt to asset ratio	37%	26%	35%

During a recent review of the debt to asset ratio, the debt-to-asset ratio on March 31, 2021 was equivalent to that on March 31, 2020 and was higher than that on December 31, 2020 which mainly caused by the increase in short-term borrowings of the Company, resulting in a increase in the liabilities.

b. Financial instruments

1) Category of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ --	$ --	$ 23,124
Financial assets at fair value through other comprehensive income			
Designated investments in equity instruments	$ 3,014	$ 2,898	$ 2,953
Financial assets at amortized cost			
Cash and cash equivalents	$ 1,867,239	$ 1,842,842	$ 189,457
Notes receivable	5,430	1,647	5,114
Accounts receivable	6	6	17
Other receivables	39,327	40,008	80,231
Other financial assets	157,437	211,021	218,560
Refundable deposits	281,726	61,013	31,463
Total	$ 2,351,165	$ 2,156,537	$ 524,842
Financial liabilities			
Financial liabilities at amortized cost			
Short-term borrowings	$ 2,451,000	$ 915,000	$ 282,000
Notes payable	2,011	1,723	2,990
Accounts payable	141,455	142,788	18,946
Other payables	10,339	10,480	5,806
Long-term borrowings (including due within one operating cycle)	771,900	771,900	1,234,900
Guarantee deposits	10,277	10,305	10,137
Total	$ 3,386,982	$ 1,852,196	$ 1,554,779
Lease liabilities	$ 6,118	$ 6,599	$ 8,707

2) Financial risk management objectives and policies

The Group's major financial instruments include equity and beneficiary certificate investment, notes receivable, accounts receivable, other receivables, other financial assets, refundable deposits, bank borrowings, notes payable, accounts payable and other payables. The financial management department of the Group coordinates the operations in entering the domestic and international financial markets. It analyzes based on the degree and breadth of risk for evaluation, monitoring and management of its exposure to the financial risks related to the operations of the Group. Such risk includes market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

In order to reduce and to further manage the related financial risk, the Group seeks to analyze, identify and evaluate factors of the related financial risk that potentially poses adverse effects on the Group, and the Group also applies relevant plans 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 Group's earning or values of financial instruments held. The objective of market risk management is to control the degree of the market risk exposure within affordable range and to optimize the return on investment.

The major markets risks undertaken by the Group due to the Group's operation are risks of changes in foreign exchange rates, changes in interest rates, and equity price. In practice, one movement by a single change in risk variables is rare, and changes in risk variables are always interrelated although the sensitivity analysis of the following risks did not consider the interaction between related risks variables.

i. Foreign exchange risk

The Group's exposure to risks of changes in foreign exchange rates arises from holding the financial assets at fair value through profit or loss which are dominated in foreign currency. The Group's foreign exchange risk is mainly arising from the foreign exchange gains and losses as translation on the cash and cash equivalents, financial assets at fair value through profit or loss, 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 Group's monetary items whose value would be significantly affected by exchange rate fluctuation are as follows:

	Three Months Ended March 31, 2021		
	Foreign currency (in thousands)	Exchange rate	Unrealized exchange gain (loss) (NT$)
Financial assets			
USD: NTD	$ 2,938	28.535	$ 162
RMB:NTD	201	4.344	(7)
HKD: NTD	53	3.670	--

	Three Months Ended March 31, 2020		
	Foreign currency (in thousands)	Exchange rate	Unrealized exchange gain (loss) (NT$)
Financial assets			
USD: NTD	$ 1,837	30.225	$ 437
RMB:NTD	21	4.225	(2)
HKD: NTD	53	3.898	3

The sensitivity analysis of the Group's foreign exchange risk mainly focuses on the major items of foreign monetary at the closing date of reporting period, and the impact of the appreciation/depreciation of the related foreign exchange on the Group's profit and loss and equity.

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

	March 31, 2021					
	Foreign currency	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
USD	$ 2,938	28.535	$ 83,833	5%	$ 4,192	$ --
RMB	201	4.344	875	5%	44	--
HKD	53	3.670	194	5%	10	--
Non-monetary items						
USD	$ 106	28.535	$ 3,014	5%	$ --	$ 151

	December 31, 2020					
	Foreign currency	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
USD	$ 2,937	28.480	$ 83,649	5%	$ 4,182	$ --
RMB	201	4.377	882	5%	44	--
HKD	53	3.673	194	5%	10	--
Non-monetary items						
USD	$ 102	28.480	$ 2,898	5%	$ --	$ 145

	March 31, 2020					
	Foreign currency	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
USD	$ 1,837	30.225	$ 55,514	5%	$ 2,776	$ --
RMB	21	4.225	90	5%	5	--
HKD	53	3.898	206	5%	10	--
Non-monetary items						
USD	$ 382	30.225	$ 11,553	5%	$ 431	$ 147

ii. Interest rate risk

The entity within the Group borrows with floating interest rate risk which arises risks of change in fair value risk and cash flow. The Group by maintaining an appropriate mix of floating rates to manage the interest rate risk. The Group assesses its hedging activities on a regular basis to align them with views of interest rate and risk preferences established, and to ensure the most cost-effective hedging strategies are adopted.

The Group’s risk exposure from financial liabilities rate is described in this Note of liquidity risk management.

Sensitivity analysis

The following sensitivity analysis is based on risk exposure of interest rate from the non-derivative instruments at the closing date of reporting period. Regarding the liabilities with floating interest rate, the analysis assumes they are outstanding throughout the reporting period if they are outstanding at the closing date of reporting period. The rate of change used by internal reports to key management is expressed as the interest rate increased or decreased by 1%, which also represents the assessment of the management on the reasonably possible range of interest rate change.

If the interest rate increased/decreased by 1% and all other variables were held constant, the net profit would be increased/decreased by $32,229 thousand, $16,869 thousand, and $15,169 thousand as of March 31, 2021, and December 31 and March 31, 2020, respectively, mainly due to the Group’s borrowings with variable interest rate.

iii. Other price risk

The Group’s exposure to equity price risk for the three months ended March 31, 2021 and 2020 were resulted from investments in listed and unlisted equity securities and beneficiary certificates. The investments in the equity securities and beneficiary certificates are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The management of the Group manages risks by holding investment portfolios with different risks.

Sensitivity analysis

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

If the price of the equity securities and the beneficiary certificates increase/decrease by 10%, the profit and loss of the Group as of March 31, 2021, and December 31 and March 31, 2020, would be increased/decreased by $0 thousand, $0 thousand, and $2,312 thousand, respectively, 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 $301 thousand, $290 thousand, and $295 thousand, respectively, due to changes in the fair value of financial assets held at fair value through other comprehensive income.

b) Credit risk

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

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

The Group’s receivables mainly comprise receipts from customers on sales of properties. Based on the past collection experiences with customers, the Group’s management assessed that it has no significant credit risk.

The finance department of the Group manages the credit risk of bank deposits, fixed income securities and other financial instruments in accordance with the Group’s policies. The counterparties of the Group are determined by internal control procedures, such as the banks with good credit, financial institutions with investment grades, corporate organizations, and government authorities, consequently, there is no significant credit risk.

c) Liquidity risk

Liquidity risk refers to risks that the Group is unable to settle its financial liabilities by cash or other financial assets and failure to fulfill related obligations.

The Group supports its operations and mitigate the effects of the Group’s operating cash flow fluctuations by managing and maintaining sufficient cash and cash equivalents. The Group’s management oversights the usage status of banking facilities and it ensures the compliance with the terms of the loan contracts.

Bank borrowings are one of the important sources of liquidity to the Group. As of March 31, 2021, and December 31 and March 31, 2020, the total banking facilities that have not yet utilized by the Group were $2,906,100 thousand, $1,774,100 thousand and $1,631,100 thousand, respectively.

Table of liquidity and interest rate risk.

The following table details the Group's analysis on remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods, prepared based on the earliest date on which the Group can be required to repay and the undiscounted cash flows of financial liabilities.

	March 31, 2021				
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
Non-derivative financial liabilities					
Short-term borrowings	$ 709,667	$ 1,812,805	$ --	$ --	$ 2,522,472
Notes payable	2,011	--	--	--	2,011
Accounts payable	141,455	--	--	--	141,455
Other payables	10,339	--	--	--	10,339
Lease liabilities	1,948	4,000	170	--	6,118
Long-term borrowings (including due within one operating cycle)	13,268	777,563	--	--	790,831
Guarantee deposits	688	4,911	128	4,550	10,277
Total	$ 879,376	$ 2,599,279	$ 298	$ 4,550	$ 3,483,503

	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
Non-derivative financial liabilities					
Short-term borrowings	$ 411,777	$ 528,231	$ --	$ --	$ 940,008
Notes payable	1,723	--	--	--	1,723
Accounts payable	142,788	--	--	--	142,788
Other payables	10,480	--	--	--	10,480
Lease liabilities	1,939	3,983	677	--	6,599
Long-term borrowings (including due within one operating cycle)	13,268	780,880	--	--	794,148
Guarantee deposits	971	56	4,728	4,550	10,305
Total	$ 582,946	$ 1,313,150	$ 5,405	$ 4,550	$ 1,906,051

	March 31, 2020				
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
Non-derivative financial liabilities					
Short-term borrowings	$ 283,369	$ --	$ --	$ --	$ 283,369
Notes payable	2,990	--	--	--	2,990
Accounts payable	18,946	--	--	--	18,946
Other payables	5,806	--	--	--	5,806
Lease liabilities	2,298	3,893	2,516	--	8,707
Long-term borrowings (including due within one operating cycle)	531,776	729,069	10,072	--	1,270,917
Guarantee deposits	897	40	4,650	4,550	10,137
Total	$ 846,082	733,002	17,238	4,550	1,600,872

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

The amount of the above mentioned instruments with floating interest rate of non-derivative financial liabilities are subject to change due to the floating interest rates differ from the estimated interest rates at the closing date of reporting period.

c. Fair value information

1) 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. An active market is a market that meets all of the conditions set below: the goods traded in the market are in same nature; willing buyers and sellers can normally be found at any time and the price information is readily available to the public. The fair values of the Group’s investments in listed stocks and the fair values of beneficiary certificates are included.

Level 2: Inputs of this level include observable prices other than the publicly quoted prices of Level 1, including either directly (i.e., price) or indirectly (i.e., derived from the price) observable inputs obtained from active markets.

Level 3: Inputs of this level is the inputs of the asset or liability not based on data of observable market.

2) Financial instruments not measured at fair value

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

3) For financial and non-financial instruments at fair value, the Group classifies them based on the assets and liabilities' nature, characteristics, risks, and levels of the fair value, and the related information is as follows:

	March 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	$ --	$ --	$ 3,014	$ 3,014

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	$ --	$ --	$ 2,898	$ 2,898

	March 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss				
Listed stocks	$ 1,919	$ --	$ --	$ 1,919
Beneficiary certificates	21,205	--	--	21,205
Financial assets at fair value through other comprehensive income				
Unlisted stocks	--	--	2,953	2,953
Total	$ 23,124	$ --	$ 2,953	$ 26,077

4) The methods and assumptions the Group used to measure fair value are as follows:

a) The Group applied closing prices of the market prices and net value as their inputs of fair value for listed stocks and beneficiary certificates (that is Level 1).

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

c) The output of the evaluation model is the estimated value, and the evaluation technique may not reflect all related factors of the financial instruments and non-financial instruments held by the Group. 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 Group's management policy of fair value evaluation model and related control procedures, the management believes that the evaluation adjustments are appropriate and necessary for the fair presentation of the fair value of financial instruments and non-financial instruments in the consolidated balance sheet. The pricing information and parameters used in the evaluation process are carefully evaluated and appropriately adjusted with the current market conditions.

5) There is no transfer between Level 1 and Level 2 fair value measurement for the three months ended March 31, 2021 and 2020.

6) Change in level 3

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
January 1	$ 2,898	$ 3,769
Gain recognized in other comprehensive income	116	(816)
March 31	$ 3,014	$ 2,953

7) The finance department of the Company is in charge of valuation procedures for fair value being categorized within Level 3 to verify fair value of financial instruments, through applying information of independent resource to make results close to current market status, confirming the resource of information is independent, reliable, and consistent with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model, and making any other necessary adjustments to the fair value to ensure the valuation results are reasonable.

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

	March 31, 2021 Fair value		Evaluation techniques	Significant unobservable inputs	Relationship between input and fair value
Non-derivative equity instruments:					
Venture capital stock	$	3,014	Net assets value method	Lack of market liquidity and minority share discount	The higher the discount for lack of marketability, the lower the fair value

	December 31, 2020 Fair value		Evaluation techniques	Significant unobservable inputs	Relationship between input and fair value
Non-derivative equity instruments:					
Venture capital stock	$	2,898	Net assets value method	Lack of market liquidity and minority share discount	The higher the discount for lack of marketability, the lower the fair value

	March 31, 2020 Fair value		Evaluation techniques	Significant unobservable inputs	Relationship between input and fair value
Non-derivative equity instruments:					
Venture capital stock	$	2,953	Net assets value method	Lack of market liquidity and minority share discount	The higher the discount for lack of marketability, the lower the fair value

9) Sensitivity analysis of changes in significant unobservable inputs

			March 31, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets						
Equity instruments	Market liquidity and minority share discount	10%	$ --	$ --	$ 502	$ 502

			December 31, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets						
Equity instruments	Market liquidity and minority share discount	10%	$ --	$ --	$ 483	$ 483

			March 31, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets						
Equity instruments	Market liquidity and minority share discount	10%	$ --	$ --	$ 491	$ 491

13. Supplementary Disclosures

a. Information on Significant Transactions

No.	Item	Remark
1	Loans to others	None
2	Endorsements/Guarantees Provided for Others	None
3	Marketable Securities Held at the End of the Period (Excluding investment in Subsidiaries, Associates and Joint Ventures)	Table 1
4	Accumulated Purchase or Sale of the Same Securities Amounting to NT$300 Million or 20% of Paid-in Capital or more	None
5	Acquisition of Real Estate Amounting to NT$300 Million or 20% of the Paid-in Capital or More	Table 2
6	Disposal of Real Estate Amounting to NT$300 Million or 20% of the Paid-in Capital or More	None
7	Purchases or Sales with Related Parties Amounting to NT$100 Million or 20% of Paid-up Capital or More	Table 3
8	Receivables from Related Parties Amounting to NT$100 Million or 20% of the Paid-in Capital or More	None
9	Engaging in Derivatives Trading	None
10	The business relationships and significant transactions and amounts between parent and subsidiaries and between subsidiaries	None

b. Information on Reinvestment: Table 4

c. Information on Investments in mainland China: None

d. Information on Major Shareholders: Table 5

TABLE 1

Marketable securities held by the Company as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)
(In Thousands of New Taiwan Dollars)

Company as holder	Type of marketable securities	Name of marketable securities	Relationship between the Company and the Issuer of Securities	General ledger account	End of period				Remark	
					Number of shares/units (in thousands)	Carrying amount	Ratio of shareholding(%)	Fair value	Number of shares provided as collateral (in thousands)	Pledged amounts
The Company	Stock	Vincera Growth Capital II Limited.	None	Financial assets at fair value through other comprehensive income - non-current	60	$ 3,014	5	$ 3,014	--	$ --

TABLE 2

As of March 31, 2021, Acquisition of Real Estate by the Company Amounting to NT$300 Million or 20% of the Paid-in Capital or More:
(In Thousands of New Taiwan Dollars)

Company as Acquirer	Name of real estate	Date of fact incurred	Amount of transaction	Payment status	Transaction party	Relationship	The information of previous transfer for the counterparty as a related party				Reference basis for price determination	Purpose of acquisition and situation of usage	Other agreed matters
							Owner	Relationship with the issuer	Date of transfer	AMOUNT			
The Company	Land lot no. 226, Qingxi Section, Zhongli District, Taoyuan City	March 2, 2021 (Signing date)	$ 351,129 (Note 1)	Pay according to the contract	He Feng Investment Co., Ltd.	Substantive related party	Mr./ Ms. Hsu	None	September 2020	$ 325,879	Note 2	Construction of residential buildings	None
The Company	Land lot no. 227 and so on, Qingxi Section, Zhongli District, Taoyuan City	March 2, 2021 (Signing date)	797,161	Pay according to the contract	Mr./ Ms. Bai	Non-related party	--	--	--	--	Valuation report	Construction of residential buildings	None

Note 1: Including the acquired incremental building bulk
Note 2: The previous transaction price included the interest on necessary capital and necessary cost and valuation report.

TABLE 3

As of March 31, 2021, the Company's purchases or sales with Related Parties Amounting to NT$100 Million or 20% of Paid-up Capital or More:
(In Thousands of New Taiwan Dollars)

Company of Sales/Purchase	Name of counterparty	Relationship	Transaction Situation				Circumstances and reasons for the difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remark
			Purchases (Sales)	AMOUNT	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Ratio to Total Notes or Accounts Receivable (payable)	
The Company	He Feng Investment Co., Ltd.	Substantive related party	Purchase	$ 387,875	29.15%	Installment Payment in accordance with the contract	$ --	--	$ --	--	--

Information on investee in which the Company exercise ability of control or significant influence:
(In Thousands of New Taiwan Dollars)

Name of investor	Name of Investee	Location	Main business activities	Initial investment amount		Held at end of period			Net profit (loss) of the investee for the period	Investment income (loss) recognized for the period	Remark
				End of period	Year-End of the Previous Year	Number of shares (in thousands)	Ratio(%)	Carrying amount			
The Company	Huachien	16F, No. 460, sec. 5, Chenggong Rd., Neihu Dist., Taipei City	Residential and building development, sale and rental business	$ 704,993	$ 704,993	18,208	58	$ 346,421	($ 2,425)	($ 1,415)	--
The Company	Huajian	16F, No. 460, sec. 5, Chenggong Rd., Neihu Dist., Taipei City	General construction industry, development, selling and leasing industry of residence and buildings, and building materials wholesale industry	11,500	--	2,250	100	11,425	(261)	(75)	--

Information on investee in which the Company exercise ability of control or significant influence:
(In Thousands of New Taiwan Dollars)

Shareholding conditions of major shareholders of the Company as of March 31, 2021:
(Unit: In thousand shares)

Name of major shareholder	Number of shares held	Ratio of shareholding(%)
Chia Chun Investment Co., Ltd.	104,169	20.00
Da Shuo Investment Co., Ltd.	42,632	8.18
Neng Hong Investment Holdings Co., Ltd.	29,550	5.67

Remark: (1) The major shareholders in this table are shareholders holding more than 5% of the common stocks and preference stocks that are issued and delivered without physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. As for the share capital recorded in the company's financial statements may vary from the company’s actual number of shares which are completed the non-physical registration and delivered due to different calculation basis or discrepancy incurred.

(2) In the above table, if the shareholder entrusts his/her shares to the trust, disclosure is made by the individual account of the trustee who opened the trust account of the grantor. As for the shareholders’ declarations for insider equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus their delivery of trust and shares with the right to make decisions on trust property, etc. For the information on the declaration for insider equity, please refer to Market Observatory Post System.

14. Segment information

a. General information

The Group operates in a single industry, and the Board of Directors identified that the Company and subsidiaries are each reportable segment through overall assessment on the performance and allocation of resources on the Group as a whole.

The Group's enterprise composition, basis of department segmentation, and measurement basis of segment information for the period were not significantly changed.

b. Segment Information

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

The Group's reportable segments are the strategic business unit to provide different types of products and services. The accounting policies of the operating segments are the same as the summary of the significant accounting policies described in Note 4.

The Group's reportable segments revenue, profit and loss, assets and liabilities are adjusted to the corresponding amount of the Group and summarized as follows:

	Three Months Ended March 31, 2021				
	The Company	Huachien	Huajian	Adjustments and elimination	Total
Revenue					
Net balance of revenue from external customers	$ 184	$ 2,026	$ --	$ --	$ 2,210
Net balance of inter-segment revenue	31	--	--	(31)	--
Total revenue	$ 215	$ 2,026	$ --	($ 31)	$ 2,210
Segment income (loss)	($ 19,465)	($ 2,425)	($ 261)	$ 1,676	($ 20,475)
Segment assets	$ 9,218,897	$ 1,321,604	$ 528	($ 342,877)	$ 10,198,152
Segment liabilities	$ 3,090,110	$ 728,012	$ 513	($ 682)	$ 3,817,953

Adjustments and elimination are to eliminate the inter-segment revenue, profit and loss, assets and liabilities.

	Three Months Ended March 31, 2020			
	The Company	Huachien	Adjustments and elimination	Total
Revenue				
Net balance of revenue from external customers	$ 219	$ 1,998	$ --	$ 2,217
Net balance of inter-segment revenue	7	--	(7)	--
Total revenue	$ 226	$ 1,998	($ 7)	$ 2,217
Segment income (loss)	($ 22,920)	($ 3,291)	$ 1,921	($ 24,290)
Segment assets	$ 4,193,442	$ 1,337,235	($ 350,784)	$ 5,179,893
Segment liabilities	$ 1,104,102	$ 730,044	($ 668)	$ 1,833,478

Adjustments and elimination are to eliminate the inter-segment revenue, profit and loss, assets and liabilities.