Stock Code: 2530

# Delpha Construction Co., Ltd. and Subsidiaries
# Consolidated Financial Statements and Independent Auditors' Review Report
# June 30, 2021 and 2020

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

*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.*

Delpha Construction Co., Ltd. and Subsidiaries
Table of Contents of Financial Report

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 June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the period from April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the period from January 1 to June 30, 2021 and 2020, 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 stated in Note IV (iii) to the consolidated financial statements, the financial statements for the same period of the non-material subsidiaries listed in the aforesaid consolidated financial statements have not been reviewed by the independent auditors. The total assets of the non-material subsidiaries as of June 30, 2021 and 2020 are $1,459,006 thousand and $1,332,690 thousand, respectively, accounting for 10% and 26% of the total consolidated assets; while the total liabilities are $768,525 thousand and $728,633 thousand, respectively, accounting for 9% and 39% of the consolidated total liabilities. The total consolidated comprehensive income of the non-material subsidiaries for the period from April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and 2020 are a loss of $3,126 thousand, $3,134 thousand, $5,812 thousand and $6,425 thousand, respectively, accounting for 10%, 21%, 11% and 16% of the consolidated comprehensive income, respectively.

**Qualified Conclusion**

According to our review results, except that the financial statements of non-material subsidiaries described in the base paragraph of the Qualified Conclusion may be adjusted to the consolidated financial statements if reviewed by us, we have determined that the foregoing consolidated financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the Financial Supervisory Commission (FSC), with a fair presentation of the consolidated financial position as of June 30, 2021 and 2020, the consolidated financial performance for the period from April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and 2020, and the consolidated cash flows for the period from January 1 to June 30, 2021 and 2020 of Delpha Construction Co., Ltd. and its subsidiaries.

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

August 11, 2021

Delpha Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
As of June 30, 2021, and December 31, 2020 and June 30, 2020
(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)
(In Thousands of New Taiwan Dollars)

| | | | June 30, 2021 | | December 31, 2020 | | June 30, 2020 | |
|---|---|---|---|---|---|---|---|---|
| Code | Assets | Notes | Amount | % | Amount | % | Amount | % |
| 11XX | Current assets | | | | | | | |
| 1100 | Cash and cash equivalents | VI (i) | $ 1,802,290 | 12 | $ 1,842,842 | 21 | $ 159,414 | 3 |
| 1110 | Financial assets at fair value through profit or loss - current | VI (ii) | -- | -- | -- | -- | 21,867 | -- |
| 1150 | Notes receivable, net | VI (iv) | 3,979 | -- | 1,647 | -- | 4,321 | -- |
| 1170 | Accounts receivable, net | VI (iv) | 31 | -- | 6 | -- | 206 | -- |
| 1200 | Other receivables | VI (v) | 1,481 | -- | 40,008 | -- | 39,355 | 1 |
| 1220 | Current income tax assets | | 107 | -- | 413 | -- | 409 | -- |
| 130X | Inventories | VI (vi) and VIII | 12,402,033 | 84 | 6,121,039 | 71 | 4,365,189 | 84 |
| 1410 | Prepayments | | 245,285 | 2 | 215,913 | 3 | 192,504 | 4 |
| 1476 | Other financial assets - current | VI (vii) and VIII | 142,335 | 1 | 211,021 | 3 | 238,513 | 5 |
| 1479 | Other current assets - current | | 950 | -- | 950 | -- | -- | -- |
| | Total current assets | | 14,598,491 | 99 | 8,433,839 | 98 | 5,021,778 | 97 |
| 15XX | Non-current assets | | | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | VI (iii) | 3,526 | -- | 2,898 | -- | 3,451 | -- |
| 1600 | Property, plant and equipment | VI (viii) and VIII | 119,334 | 1 | 117,874 | 1 | 117,588 | 2 |
| 1755 | Right-of-use assets | VI (ix) | 6,471 | -- | 6,571 | -- | 8,026 | -- |
| 1780 | Intangible asset | VI (xi) | 11,410 | -- | -- | -- | -- | -- |
| 1920 | Refundable deposits | VII | 31,412 | -- | 61,013 | 1 | 31,463 | 1 |
| 1975 | Net defined benefit assets - non-current | | 3,123 | -- | 3,119 | -- | -- | -- |
| 1990 | Other non-current assets - others | | 5,552 | -- | 5,552 | -- | 5,552 | -- |
| | Total non-current assets | | 180,828 | 1 | 197,027 | 2 | 166,080 | 3 |
| | Total assets | | $ 14,779,319 | 100 | $ 8,630,866 | 100 | $ 5,187,858 | 100 |

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Delpha Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheets (Continued)
As of June 30, 2021, and December 31, 2020 and June 30, 2020
(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)
(In Thousands of New Taiwan Dollars)

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| Code | Liabilities and equity | Notes | June 30, 2021 Amount | % | December 31, 2020 Amount | % | June 30, 2020 Amount | % |
|---|---|---|---|---|---|---|---|---|
| 21XX | Current liabilities | | | | | | | |
| 2100 | Short-term borrowings | VI (xiii) and VIII | $ 4,068,100 | 28 | $ 915,000 | 11 | $ 282,000 | 5 |
| 2130 | Contract liabilities - current | VI (xxii) | 433,543 | 3 | 342,486 | 4 | 258,640 | 5 |
| 2150 | Notes payable | VI (xiv) | 16,608 | -- | 1,723 | -- | 4,271 | -- |
| 2170 | Accounts payable | VI (xiv) | 44,693 | -- | 48,217 | 1 | 20,647 | -- |
| 2180 | Accounts payable - related parties | VI (xiv) and VII | -- | -- | 94,571 | 1 | -- | -- |
| 2200 | Other payables | | 8,408 | -- | 10,480 | -- | 31,148 | 1 |
| 2250 | Provisions - current | VI (xvii) | -- | -- | 761 | -- | -- | -- |
| 2280 | Lease liabilities - current | | 6,522 | -- | 6,599 | -- | 8,050 | -- |
| 2310 | Receipts in advance | | 30,490 | -- | 28,079 | -- | 30,786 | 1 |
| 2320 | Long-term borrowings due within one operating cycle | VI (xv) and VIII | 60,000 | 1 | 771,900 | 9 | 1,224,900 | 24 |
| 2399 | Other current liabilities - other | | 413 | -- | 187 | -- | 955 | -- |
| | Total current liabilities | | 4,668,777 | 32 | 2,220,003 | 26 | 1,861,397 | 36 |
| 25XX | Non-current liabilities | | | | | | | |
| 2540 | Long-term borrowings | VI (xv) and VIII | 3,753,329 | 25 | -- | -- | 10,000 | -- |
| 2640 | Net defined benefit liabilities - non-current | VI (xvi) | -- | -- | -- | -- | 1,918 | -- |
| 2645 | Guarantee deposits | | 10,299 | -- | 10,305 | -- | 10,304 | -- |
| | Total non-current liabilities | | 3,763,628 | 25 | 10,305 | -- | 22,222 | -- |
| | Total liabilities | | 8,432,405 | 57 | 2,230,308 | 26 | 1,883,619 | 36 |
| 31XX | Equity attributable to owners of the parent company | | | | | | | |
| 3110 | Share capital of common stock | VI (xviii) | 5,207,525 | 35 | 5,207,525 | 60 | 2,707,525 | 52 |
| 3200 | Capital surplus | VI (xix) | 658,613 | 4 | 658,613 | 8 | 9,179 | -- |
| 3300 | Retained earnings | VI (xx) | | | | | | |
| 3310 | Legal reserve | | 237,247 | 2 | 237,247 | 3 | 237,247 | 5 |
| 3320 | Special reserve | | 3,789 | -- | 3,789 | -- | 3,789 | -- |
| 3350 | Unappropriated earnings | | ( 10,728 ) | -- | 40,402 | -- | 93,636 | 2 |
| 3400 | Other equity interest | | 776 | -- | 560 | -- | ( 2,907 ) | -- |
| | Total equity attributable to owners of the parent company | | 6,097,222 | 41 | 6,148,136 | 71 | 3,048,469 | 59 |
| 36XX | Non-controlling interest | VI (xxi) | 249,692 | 2 | 252,422 | 3 | 255,770 | 5 |
| | Total equity | | 6,346,914 | 43 | 6,400,558 | 74 | 3,304,239 | 64 |
| | Total liabilities and equity | | $ 14,779,319 | 100 | $ 8,630,866 | 100 | $ 5,187,858 | 100 |

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

Delpha Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
From April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and 2020
(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)
(In Thousands of New Taiwan Dollars)

| | | | From April 1 to June 30, 2021 | | From April 1 to June 30, 2020 | | From January 1 to June 30, 2021 | | From January 1 to June 30, 2020 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Code | Item | Notes | Amount | % | Amount | % | Amount | % | Amount | % |
| 4000 | Operating revenue | VI (xxii) | $ 2,090 | 100 | $ 2,040 | 100 | $ 4,300 | 100 | $ 4,257 | 100 |
| 5000 | Operating costs | VI (vi) | -- | -- | -- | -- | -- | -- | -- | -- |
| 5900 | Gross profit | | 2,090 | 100 | 2,040 | 100 | 4,300 | 100 | 4,257 | 100 |
| 6000 | Operating expenses | | | | | | | | | |
| 6100 | Selling expenses | VI (xxv) | ( 8 ) | -- | ( 16 ) | -- | ( 898 ) | ( 21 ) | ( 25 ) | -- |
| 6200 | General and Administrative expenses | VI (xxv) | ( 18,794 ) | ( 900 ) | ( 16,046 ) | ( 787 ) | ( 35,934 ) | ( 836 ) | ( 28,974 ) | ( 681 ) |
| | | | ( 18,802 ) | ( 900 ) | ( 16,062 ) | ( 787 ) | ( 36,832 ) | ( 857 ) | ( 28,999 ) | ( 681 ) |
| 6900 | Operating loss | | ( 16,712 ) | ( 800 ) | ( 14,022 ) | ( 687 ) | ( 32,532 ) | ( 757 ) | ( 24,742 ) | ( 581 ) |
| 7000 | Non-operating income and expenses | | | | | | | | | |
| 7010 | Other income | VI (xxiii) | 3,096 | 148 | 1,267 | 62 | 4,105 | 96 | 2,630 | 62 |
| 7020 | Other gains and losses | VI (xxiv) | ( 1,693 ) | ( 81 ) | 249 | 12 | ( 1,544 ) | ( 36 ) | ( 10,078 ) | ( 237 ) |
| 7050 | Financial costs | VI (xxvii) | ( 16,707 ) | ( 799 ) | ( 4,293 ) | ( 210 ) | ( 22,520 ) | ( 524 ) | ( 8,899 ) | ( 209 ) |
| | | | ( 15,304 ) | ( 732 ) | ( 2,777 ) | ( 136 ) | ( 19,959 ) | ( 464 ) | ( 16,347 ) | ( 384 ) |
| 7900 | Net loss before income tax | | ( 32,016 ) | ( 1,532 ) | ( 16,799 ) | ( 823 ) | ( 52,491 ) | ( 1,221 ) | ( 41,089 ) | ( 965 ) |
| 7950 | Income tax expense | VI (xxviii) | -- | -- | -- | -- | -- | -- | -- | -- |
| 8200 | Net loss for the period | | ( 32,016 ) | ( 1,532 ) | ( 16,799 ) | ( 823 ) | ( 52,491 ) | ( 1,221 ) | ( 41,089 ) | ( 965 ) |
| 8300 | Other comprehensive income/(loss) | | | | | | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss | | | | | | | | | |
| 8316 | Unrealized gain/(loss) investment in equity instruments at fair value through other comprehensive income | | ( 1,269 ) | ( 61 ) | 1,698 | 83 | ( 1,153 ) | ( 27 ) | 882 | 21 |
| 8349 | Income tax related components of other comprehensive income that will not be reclassified to profit or loss: | | -- | -- | -- | -- | -- | -- | -- | -- |
| | Other comprehensive income/(loss) for the period (net amount after tax) | | ( 1,269 ) | ( 61 ) | 1,698 | 83 | ( 1,153 ) | ( 27 ) | 882 | 21 |

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Delpha Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income (Continued)
From April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and 2020
(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)
(In Thousands of New Taiwan Dollars)

(Continued from previous page)

| Code | Item | Notes | From April 1 to June 30, 2021 Amount | % | From April 1 to June 30, 2020 Amount | % | From January 1 to June 30, 2021 Amount | % | From January 1 to June 30, 2020 Amount | % |
|---|---|---|---|---|---|---|---|---|---|---|
| 8500 | Total comprehensive income/(loss) for the period | | ($ 33,285) | (1,593) | ($ 15,101) | (740) | ($ 53,644) | (1,248) | ($ 40,207) | (944) |
| 8600 | Net income/ (loss) attributable to | | | | | | | | | |
| 8610 | Owners of the parent company | | ($ 30,296) | (1,449) | ($ 15,494) | (759) | ($ 49,761) | (1,157) | ($ 38,414) | (902) |
| 8620 | Non-controlling interest | | (1,720) | (83) | (1,305) | (64) | (2,730) | (64) | (2,675) | (63) |
| | | | ($ 32,016) | (1,532) | ($ 16,799) | (823) | ($ 52,491) | (1,221) | ($ 41,089) | (965) |
| 8700 | Total comprehensive income/(loss) attributable to: | | | | | | | | | |
| 8710 | Owners of the parent company | | ($ 31,565) | (1,510) | ($ 13,796) | (676) | ($ 50,914) | (1,184) | ($ 37,532) | (881) |
| 8720 | Non-controlling interest | | (1,720) | (83) | (1,305) | (64) | (2,730) | (64) | (2,675) | (63) |
| | | | ($ 33,285) | (1,593) | ($ 15,101) | (740) | ($ 53,644) | (1,248) | ($ 40,207) | (944) |
| | Earnings per share | VI (xxix) | | | | | | | | |
| 9750 | Basic earnings per share (In dollars) | | ($ 0.06) | | ($ 0.06) | | ($ 0.10) | | ($ 0.14) | |

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

Delpha Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to June 30, 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 |
| Appropriation and distribution of earnings: | | | | | | | | | |
| Reversal of special reserve | -- | -- | -- | ( 20,410 ) | 20,410 | -- | -- | -- | -- |
| Cash dividends on ordinary shares | -- | -- | -- | -- | ( 27,075 ) | -- | ( 27,075 ) | -- | ( 27,075 ) |
| Expired and unclaimed dividend transfer to capital surplus | -- | 38 | -- | -- | -- | -- | 38 | -- | 38 |
| | 2,707,525 | 9,179 | 237,247 | 3,789 | 132,050 | ( 3,789 ) | 3,086,001 | 258,445 | 3,344,446 |
| Net loss for the six months ended June 30,2020 | -- | -- | -- | -- | ( 38,414 ) | -- | ( 38,414 ) | ( 2,675 ) | ( 41,089 ) |
| Other comprehensive income for the six months ended June 30, 2020 | -- | -- | -- | -- | -- | 882 | 882 | -- | 882 |
| Total comprehensive income for the six months ended June 30, 2020 | -- | -- | -- | -- | ( 38,414 ) | 882 | ( 37,532 ) | ( 2,675 ) | ( 40,207 ) |
| Balance as of June 30, 2020 | $ 2,707,525 | $ 9,179 | $ 237,247 | $ 3,789 | $ 93,636 | ($ 2,907 ) | $ 3,048,469 | $ 255,770 | $ 3,304,239 |
| 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 six months ended June 30, 2021 | -- | -- | -- | -- | ( 49,761 ) | -- | ( 49,761 ) | ( 2,730 ) | ( 52,491 ) |
| Other comprehensive income for the six months ended June 30, 2021 | -- | -- | -- | -- | -- | ( 1,153 ) | ( 1,153 ) | -- | ( 1,153 ) |
| Total comprehensive income for the six months ended June 30, 2021 | -- | -- | -- | -- | ( 49,761 ) | ( 1,153 ) | ( 50,914 ) | ( 2,730 ) | ( 53,644 ) |
| Balance as of June 30, 2021 | $ 5,207,525 | $ 658,613 | $ 237,247 | $ 3,789 | ($ 10,728 ) | $ 776 | $ 6,097,222 | $ 249,692 | $ 6,346,914 |

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

Delpha Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
From January 1 to June 30, 2021 and 2020
(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)
(In Thousands of New Taiwan Dollars)

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss before income tax | ($ 52,491 ) | ($ 41,089 ) |
| Adjustments for: | | |
| Income and expenses having no effect on cash flows | | |
| Depreciation expense | 2,289 | 2,355 |
| Amortization expense | 171 | -- |
| Interest income | ( 666 ) | ( 873 ) |
| Dividend income | ( 1,329 ) | ( 5 ) |
| Interest expense | 22,520 | 8,899 |
| Gain on foreign exchange, net | 1,832 | 1,181 |
| Gain on lease modification | -- | ( 11 ) |
| Net loss on financial assets at fair value through profit or loss | -- | 8,908 |
| Gain on disposal of investments | ( 294 ) | -- |
| Changes in operating assets and liabilities: | | |
| Decrease in financial assets at fair value through profit or loss | -- | 27,474 |
| Increase in notes receivable | ( 2,332 ) | ( 1,856 ) |
| Increase in accounts receivable | ( 25 ) | ( 200 ) |
| Decrease (increase) in other receivables | 36,974 | ( 3 ) |
| Increase in inventories | ( 6,273,015 ) | ( 22,533 ) |
| Increase in prepayments | ( 29,543 ) | ( 44,424 ) |
| Decrease in other financial assets | 68,686 | 28,681 |
| Increase in contract liabilities | 91,057 | 71,510 |
| Increase in notes payable | 14,885 | 4,271 |
| Increase (decrease) in accounts payable | ( 3,524 ) | 161 |
| Decrease in accounts payable - related parties | ( 94,571 ) | -- |
| Decrease in other payables | ( 4,480 ) | ( 12,257 ) |
| Decrease in liability provisions | ( 761 ) | ( 644 ) |
| Increase in receipts in advance | 2,411 | 1,828 |
| Increase in other current liabilities | 226 | 678 |
| Decrease in net defined benefit assets/liabilities | ( 4 ) | ( 229 ) |
| Cash generated from/(used in) operations | ( 6,221,984 ) | 31,822 |
| Interest received | 679 | 959 |
| Dividends received | 1,329 | 5 |
| Interest paid | ( 28,031 ) | ( 14,148 ) |
| Income tax refunded (paid) (including land value increment tax) | 306 | ( 49 ) |
| Net cash generated from/(used in) operating activities | ( 6,247,701 ) | 18,589 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Return of share capital of financial assets at fair value through other comprehensive income | 53 | 1,200 |
| Acquisition of subsidiaries (less cash received) | ( 11,410 ) | -- |
| Acquisition of property, plant and equipment | ( 2,653 ) | -- |
| Decrease in refundable deposits | 29,601 | -- |
| Net cash generated from investing activities | 15,591 | 1,200 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | 3,153,100 | -- |
| Proceeds from long-term borrowings | 3,753,329 | 10,000 |
| Repayment of long-term borrowings | ( 711,900 ) | -- |
| Increase (decrease) in guarantee deposits | ( 6 ) | 123 |
| Repayment of lease liabilities - principal portion | ( 1,133 ) | ( 1,401 ) |
| Expired and unclaimed dividend transfer to capital surplus | -- | 38 |
| Net cash generated from financing activities | 6,193,390 | 8,760 |
| Effect of exchange rate changes on cash and cash equivalents | ( 1,832 ) | ( 1,181 ) |
| Increase in cash and cash equivalents for the period | ( 40,552 ) | 27,368 |
| Cash and cash equivalents at beginning of period | 1,842,842 | 132,046 |
| Cash and cash equivalents at end of period | $ 1,802,290 | $ 159,414 |

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

# Notes to The Consolidated Financial Statements
June 30, 2021 and 2020
(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

## (I) 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.

## (II) Date and Procedures of Authorization of Financial Statements

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 11, 2021.

## (III) Application of New and Amended Standards and Interpretations

i. 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 |
| --- | --- | --- |
| • Amendments 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 | The amendments address 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-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. | January 1, 2021 |
| • Amendments 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 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 (the FSC allows application as early as January 1, 2021) |

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

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

None.

iii. 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 |
|---|---|---|
| • Amendments to IFRS 3 - Reference to the Conceptual Framework | The amendments update 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, the amendments add an exception of recognition to provisions and contingent liabilities. For certain types of provisions and contingent liabilities, reference shall 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, the amendments also clarify that the acquirer shall not recognize contingent assets under IAS 37 on the acquisition date. | January 1, 2022 |
| • Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets Between An Investor and Its Associate or Joint Venture | The amendments revise 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 determined by IASB |

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| • IFRS 17 Insurance Contracts | This standard replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts issued by enterprise. This standard applies to all insurance contracts (including reinsurance contracts) issued by enterprise, to reinsurance contracts it holds, and to investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts. Embedded derivatives, distinguishable investment components and distinguishable performance obligations shall be separated from insurance contracts. Enterprise shall divide a portfolio of insurance contracts issued into a minimum of: (a) a group of contracts that are onerous at initial recognition, if any; (b) a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and (c) a group of the remaining contracts in the portfolio, if any. This standard requires a current measurement model where estimates are re-measured at each reporting period. The measurement is based on discounted and probability weighted cash flow of the contract, risk adjustment, and elements representing the unearned profit of the contract (contract service margin). Enterprise may simplify the measurement of a group of insurance contracts using the premium allocation approach. Enterprise shall recognize the income generated by a group of insurance contracts during the period of insurance coverage it provides and upon the release of risk. Enterprise shall recognize losses immediately if a group of insurance contracts becomes onerous. Enterprise shall 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. | January 1, 2023 |
| • Amendments to IFRS 17 - Insurance Contracts | The amendments include the deferral of effective date, the expected recovery of the cash flow obtained by insurance, the contractual service margin attributable to investment services, the reinsurance contracts held - the recovery of losses, and other amendments. These amendments have not changed the basic principles of the standard. | January 1, 2023 |

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| • Amendments to IAS 1 - Classification of Liabilities as Current or Non-current | The amendments clarify that the classification of liabilities is based on the rights existing at the closing date of reporting period. At the closing date of the reporting period, enterprise does not have the right to defer the settlement period of liabilities for at least 12 months after the reporting period, and the liabilities shall be classified as current. In addition, the amendments define "settlement" of a liability as the extinguishment of the liability with cash, other economic resources or enterprise' own equity instruments. | January 1, 2023 |
| • Amendments to IAS 1 - Disclosure of Accounting Policies | The amendments require that enterprise shall disclose its material accounting policy information instead of the material accounting policies. The amendments clarify for enterprise 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 | The amendments clarify for enterprise the way to identify changes in accounting policy and changes in accounting estimates. The amendments also clarify 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 in an input or a measurement technique are not attributable to correction of prior period errors. | January 1, 2023 |
| • Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction | The amendments require enterprise to recognize deferred income tax assets and liabilities related to specific transactions in which the same taxable amount and deductible temporary differences are generated at the time of initial recognition. | January 1, 2023 |
| • Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use | The amendments prohibit enterprise 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 shall be recognized in profit or loss. The amendments also state 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 |

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| • Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract | The amendments clarify 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 a First-time Adopter" The amendments allow 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. The amendments also apply to associates and joint ventures that are exempted from paragraph D16(a) of IFRS 1.<br>(2) Amendments to IFRS 9 -"Fees in the '10 percent' Test for Derecognition of Financial Liabilities" The amendments stipulate that the expenses that shall 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 the amendments, the cost or expense paid to third parties is not included in the 10% test.<br>(3) IAS 41 "Taxation in Fair Value Measurements" The amendments of IAS 41 "Agriculture" are to remove the requirement of using pre-tax cash flows when measuring the fair value. | January 1, 2022 |

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

(IV) Summary of Significant Accounting Policies

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

i. Compliance declaration

These 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.

ii. 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.

iii. Basis of consolidation

1. Basis for preparation of consolidated financial statements
   (1) 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 enterprise 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.
   (2) 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.
   (3) 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.
   (4) 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.
   (5) 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 loss 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 | June 30, 2021 | December 31, 2020 | June 30, 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 June 30, 2021, and December 31 and June 30, 2020, the Group's total non-controlling interest amounted to $249,692 thousand, $252,422 thousand and $255,770 thousand, respectively. The information on non-controlling interest that are material to the Group and the corresponding subsidiaries is as follows:

| | | Non-controlling interest | | | | | |
|---|---|---|---|---|---|---|---|
| | | June 30, 2021 | | December 31, 2020 | | June 30, 2020 | |
| Name of subsidiary | Principal place of business | Amount (in thousands) | % | Amount (in thousands) | % | Amount (in thousands) | % |
| Huachien | Taipei, Taiwan | $ 249,692 | 42 | $ 252,422 | 42 | $ 255,770 | 42 |

Balance sheet

| | Huachien | | |
|---|---|---|---|
| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
| Current assets | $ 1,252,351 | $ 1,251,278 | $ 1,262,978 |
| Non-current assets | 67,048 | 67,609 | 69,712 |
| Current liabilities | ( 13,281 ) | ( 721,834 ) | ( 726,958 ) |
| Non-current liabilities | ( 716,658 ) | ( 1,036 ) | ( 1,675 ) |
| Total net assets | $ 589,460 | $ 596,017 | $ 604,057 |

Statement of comprehensive income

| | Huachien | |
|---|---|---|
| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
| Revenue | $ 1,923 | $ 1,854 |
| Net loss before income tax | ( 4,132 ) | ( 3,134 ) |
| Income tax expense | -- | -- |
| Net loss for the period | ( 4,132 ) | ( 3,134 ) |
| Other comprehensive income/ (loss) (net amount after tax) | -- | -- |
| Total comprehensive income/ (loss) for the period | ( $ 4,132 ) | ( $ 3,134 ) |
| Total comprehensive income/ (loss) attributable to non-controlling interests | ( $ 1,720 ) | ( $ 1,305 ) |
| Dividends paid to non-controlling interests | $ -- | $ -- |

| | Huachien | |
|---|---|---|
| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
| Revenue | $ 3,949 | $ 3,852 |
| Net loss before income tax | ( 6,557 ) | ( 6,425 ) |
| Income tax expense | -- | -- |
| Net loss for the period | ( 6,557 ) | ( 6,425 ) |
| Other comprehensive income/(loss) (net amount after tax) | -- | -- |
| Total comprehensive income/(loss) for the period | ( $ 6,557 ) | ( $ 6,425 ) |
| Total comprehensive income/(loss) attributable to non-controlling interests | ( $ 2,730 ) | ( $ 2,675 ) |
| Dividends paid to non-controlling interests | $ -- | $ -- |

Statements of cash flows

| | Huachien | |
|---|---|---|
| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
| Net cash used in operating activities | ( $ 6,404 ) | ( $ 14,200 ) |
| Net cash generated from investing activities | 10 | -- |
| Net cash generated from/ (used in) financing activities | 4,062 | ( 888 ) |
| Decrease in cash and cash equivalents for the period | ( 2,332 ) | ( 15,088 ) |
| Cash and cash equivalents at beginning of period | 8,023 | 30,968 |
| Cash and cash equivalents at end of period | $ 5,691 | $ 15,880 |

iv. 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.

v. 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:

(1) Assets that are expected to be realized, or are intended to be sold or

consumed within the normal operating cycle;

(2) Assets held mainly for trading purposes;

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

(4) 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:

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

(2) Assets held mainly for trading purposes;

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

(4) 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 classified as current and non-current based on the operating cycle (normally three years).

vi. 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:

(1) Convertible at any time to fixed amount of cash.

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

vii. 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.

viii. 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:
   (1) Financial assets held for the purpose of collecting contractual cash flows and selling under a business model.
   (2) 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 Group measures the financial assets at their fair value plus transaction cost at the initial recognition, and measures subsequently at fair value:
   (1) 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.
   (2) 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.

ix. 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.

x. 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.

xi. 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.

xii. 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.
   (1) 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".
   (2) 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.
   (3) 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.

xiii. 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.

xiv. 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 the end date of each fiscal year. 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.

xv. 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:

   (1) The initial measured amount of lease liabilities; and

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

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

xvi. Intangible asset

Goodwill

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

xvii. 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 shall 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.

xviii. 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 limit are recognized as transaction costs of the loan to the extent that it is probable that some or all of the limit will be withdrawn, and will be deferred and recognized as the adjustment of the effective interest rate when the withdrawal is incurred. When withdrawal of part or all of the limit is unlikely, the fee is recognized as a prepayment and amortized over the period to which it relates.

xix. 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.

xx. 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. No provision for liabilities shall be recognized for future operating losses.

xxi. 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 shall be recognized as expenses in that period when the employees render service.

2. Pensions

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as current 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.

(2) Defined benefit plans

A. 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.

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

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

D. 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 benefits

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 shall be accounted for as changes in accounting estimates.

xxii. 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 shall 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. The “Income Basic Tax Act” came into force 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.

xxiii. Revenue recognition

1. The Group operates land development and sales of residential properties and recognizes revenue upon the transfer of control of properties 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 contain significant financial component and therefore no adjustment to the consideration amount.

xxiv. 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.

xxv. 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.

xxvi. Earnings per share

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.

xxvii. 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.

(V) Major 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 Major Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions:

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

None.

ii. 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 June 30, 2021, the Group's carrying amount of inventories is $12,402,033 thousand.

(VI) Details of Significant Accounting Subject

i. Cash and cash equivalents

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Cash on hand and working capital | $ 350 | $ 180 | $ 180 |
| Checking deposits and demand deposits | 1,801,940 | 1,842,662 | 147,382 |
| Time deposits | -- | -- | 11,852 |
| Total | $ 1,802,290 | $ 1,842,842 | $ 159,414 |

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 due to they are convertible into fixed amounts of cash at any time 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.

ii. Financial assets at fair value through profit or loss

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Listed stocks | $ -- | $ -- | $ 1,992 |
| Beneficiary certificates | -- | -- | 19,875 |
| Total | $ -- | $ -- | $ 21,867 |
| | | | |
| Current | $ -- | $ -- | $ 21,867 |
| Non-current | -- | -- | -- |
| Total | $ -- | $ -- | $ 21,867 |

1. The Group recognized a valuation benefit of $1,793 thousand and a loss of $8,908 thousand for the period from April 1 to June 30, 2020 and from January 1 to June 30, 2020 respectively.
2. Please refer to Note XII (ii) for information related to credit risk.

iii. Financial assets at fair value through other comprehensive income

| | June 30, 2021 | | December 31, 2020 | | June 30, 2020 | |
|---|---|---|---|---|---|---|
| Investments in equity instrument at fair value through other comprehensive income | | | | | | |
| Unlisted stocks | $ | 3,526 | $ | 2,898 | $ | 3,451 |
| | | | | | | |
| Current | $ | -- | $ | -- | $ | -- |
| Non-current | | 3,526 | | 2,898 | | 3,451 |
| Total | $ | 3,526 | $ | 2,898 | $ | 3,451 |

1. The above equity instruments held by the Group are long-term strategic investments and are not held for trading purpose; therefore, they have been designated to be measured at fair value through other comprehensive income.
2. Emphasis Materials, Inc. was dissolved by resolution on April 2, 2008, and the liquidation was completed on June 4, 2020 by the resolution of the extraordinary shareholders meeting. The base date is May 5, 2020, and part of the liquidated share capital was recovered in 2020, which is $1,200 thousand, and the remaining share capital was recovered in January 2021, which is $43 thousand.
3. The Group applied for a share capital refund of $10 thousand from the Second Credit Cooperative of Keelung in July 2020 and received the said refund in April 2021.
4. The Group recognized a loss of $1,269 thousand, a profit of $1,698 thousand, a loss of $1,153 thousand, and a profit of $882, thousand in other comprehensive income, respectively, for the period from April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and 2020 respectively.
5. Please refer to Note XII (ii) for information related to credit risk.

iv. Notes receivable and accounts receivable

| | June 30, 2021 | | December 31, 2020 | | June 30, 2020 | |
|---|---|---|---|---|---|---|
| Notes receivable | $ | 3,979 | $ | 1,647 | $ | 4,321 |
| Less: allowance for doubtful accounts | | -- | | -- | | -- |
| Subtotal | | 3,979 | | 1,647 | | 4,321 |
| Accounts receivable | | 31 | | 6 | | 206 |
| Less: allowance for doubtful accounts | | -- | | -- | | -- |
| Subtotal | | 31 | | 6 | | 206 |
| Total | $ | 4,010 | $ | 1,653 | $ | 4,527 |

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 June 30, 2021, and December 31 and June 30, 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:

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Not overdue | $ 4,010 | $ 1,653 | $ 4,527 |
| Less than 1 month overdue | -- | -- | -- |
| 1 - 3 month(s) overdue | -- | -- | -- |
| 3 - 6 months overdue | -- | -- | -- |
| More than 6 months overdue | -- | -- | -- |
| Total | $ 4,010 | $ 1,653 | $ 4,527 |

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

| June 30, 2021 | Expected credit loss rate | Total carrying amount | Allowance for doubtful accounts (Lifetime expected credit loss) | Amortized cost |
|---|---|---|---|---|
| Not overdue | -- | $ 4,010 | $ -- | $ 4,010 |
| Less than 1 month overdue | -- | -- | -- | -- |
| 1 - 3 month(s) overdue | -- | -- | -- | -- |
| 3 - 6 months overdue | -- | -- | -- | -- |
| More than 6 months overdue | -- | -- | -- | -- |
| Total | | $ 4,010 | $ -- | $ 4,010 |

| 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 |

| June 30, 2020 | Expected credit loss rate | Total carrying amount | Allowance for doubtful accounts (Lifetime expected credit loss) | Amortized cost |
|---|---|---|---|---|
| Not overdue | -- | $ 4,527 | $ -- | $ 4,527 |
| Less than 1 month overdue | -- | -- | -- | -- |
| 1 - 3 month(s) overdue | -- | -- | -- | -- |
| 3 - 6 months overdue | -- | -- | -- | -- |
| More than 6 months overdue | -- | -- | -- | -- |
| Total | | $ 4,527 | $ -- | $ 4,527 |

5. Please refer to Note XII (ii) for information related to credit risk.

v. Other receivables

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Other receivables | $ 17,726 | $ 56,253 | $ 55,600 |
| Less: allowance for doubtful accounts | ( 16,245 ) | ( 16,245 ) | ( 16,245 ) |
| Total | $ 1,481 | $ 40,008 | $ 39,355 |

vi. Inventories

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Lands for sale | $ 52,141 | $ 52,141 | $ 94,327 |
| Buildings for sale | 28,986 | 28,986 | 48,750 |
| Lands held for construction | 11,845,659 | 5,928,195 | 4,218,540 |
| Construction in progress | 864,643 | 501,113 | 392,968 |
| Less: allowance for loss on decline in market value of inventories | ( 389,396 ) | ( 389,396 ) | ( 389,396 ) |
| Total | $ 12,402,033 | $ 6,121,039 | $ 4,365,189 |

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

| | June 30, 2021 | | December 31, 2020 | | June 30, 2020 | |
|---|---|---|---|---|---|---|
| Name of Case | Lands for sale | Buildings for sale | Lands for sale | Buildings for sale | Lands for sale | 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 | June 30, 2021 Lands held for construction | June 30, 2021 Construction in progress | December 31, 2020 Lands held for construction | December 31, 2020 Construction in progress | June 30, 2020 Lands held for construction | June 30, 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 | 34,652 |
| Fu De Duan B | 423 | -- | 423 | -- | 423 | -- |
| Hsin Guang Lu B | 2,217 | -- | 2,217 | -- | 2,217 | -- |
| Rong Hsing Duan | 73,440 | 118,091 | 73,440 | 68,337 | 73,440 | 15,635 |
| Huai Sheng Duan | 1,418,917 | 16,648 | 1,418,917 | 13,964 | 1,418,917 | 12,345 |
| Yun He Jie A | 621,454 | 207,524 | 621,454 | 144,210 | 621,454 | 93,798 |
| 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 | 801,292 | 101,759 | 875,582 | 1,863 | -- | -- |
| Le Jie Duan A | 476,602 | 62,389 | 517,902 | 1,514 | -- | -- |
| Le Jie Duan B | 507,401 | -- | -- | -- | -- | -- |
| Qing Xi Duan A | 303,381 | 50,003 | 316,171 | 35 | -- | -- |
| Qing Xi Duan B | 1,133,407 | 27,363 | -- | -- | -- | -- |
| Shalu New Station | 176,178 | 9,676 | -- | -- | -- | -- |
| Shanjie Duan An | 333,179 | -- | -- | -- | -- | -- |
| Wuri New High-speed Rail Section | 3,895,679 | -- | -- | -- | -- | -- |
| Total | $ 11,845,659 | $ 864,643 | $ 5,928,195 | $ 501,113 | $ 4,218,540 | $ 392,968 |

3. The capitalization amount of interest for lands held for construction and construction in progress for the period from April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and 2020 are $5,712 thousand, $2,335 thousand, $7,979 thousand and $5,104 thousand respectively, and the capitalized interest rates are 1.6676%, 1.6720%, 1.6418% and 1.7662% respectively.
4. For details of inventories pledged as collateral, please refer to Note VIII.
5. Significant description on construction projects
   (1) As of June 30, 2021, the total price of the contracted construction projects of the Company is $618,003 thousand, and the price paid is $256,655 thousand for Yun He Jie A, Rong Hsing Duan, Xin Bi Duan, Le Jie Duan A and Qing Xi Duan A.
   (2) Except for the above contracted construction projects, the rest is not contracted yet and not able to estimate cost and revenue.

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

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
|---|---|---|
| Cost of inventory sold | $ -- | $ -- |
| Loss on decline in market value of inventories | -- | -- |
| Total | $ -- | $ -- |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Cost of inventory sold | $ -- | $ -- |
| Loss on decline in market value of inventories | -- | -- |
| Total | $ -- | $ -- |

vii. Other financial assets

| Item | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Time deposits | $ -- | $ 55,000 | $ 79,500 |
| Bank deposits | 142,335 | 156,021 | 159,013 |
| Total | $ 142,335 | $ 211,021 | $ 238,513 |
| | | | |
| Current | $ 142,335 | $ 211,021 | $ 238,513 |
| Non-current | -- | -- | -- |
| Total | $ 142,335 | $ 211,021 | $ 238,513 |

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

viii. Property, plant and equipment

| | Lands | Property and buildings | Transportation equipment | Office equipment | Leasehold improvement | Others | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| Balance as of January 1, 2021 | $ 94,331 | $ 38,958 | $ 639 | $ 7,246 | $ -- | $ 257 | $ 141,431 |
| Additions | -- | -- | -- | 802 | 1,851 | -- | 2,653 |
| Balance as of June 30, 2021 | $ 94,331 | $ 38,958 | $ 639 | $ 8,048 | $ 1,851 | $ 257 | $ 144,084 |
| Balance as of January 1, 2020 | $ 94,331 | $ 38,960 | $ 639 | $ 6,290 | $ -- | $ 257 | $ 140,477 |
| Additions | -- | -- | -- | -- | -- | -- | -- |
| Balance as of June 30, 2020 | $ 94,331 | $ 38,960 | $ 639 | $ 6,290 | $ -- | $ 257 | $ 140,477 |

| | Lands | Property and buildings | Transportation equipment | Office equipment | Leasehold improvement | Others | Total |
|---|---|---|---|---|---|---|---|
| Depreciation and impairment loss | | | | | | | |
| Balance as of January 1, 2021 | $ -- | $ 17,368 | $ 359 | $ 5,601 | $ -- | $ 229 | $ 23,557 |
| Depreciation for the period | -- | 818 | 40 | 283 | 52 | -- | 1,193 |
| Balance as of June 30, 2021 | $ -- | $ 18,186 | $ 399 | $ 5,884 | $ 52 | $ 229 | $ 24,750 |
| Balance as of January 1, 2020 | $ -- | $ 15,826 | $ 280 | $ 5,564 | $ -- | $ 221 | $ 21,891 |
| Depreciation for the period | -- | 818 | 39 | 133 | -- | 8 | 998 |
| Balance as of June 30, 2020 | $ -- | $ 16,644 | $ 319 | $ 5,697 | $ -- | $ 229 | $ 22,889 |
| Carrying amount | | | | | | | |
| June 30, 2021 | $ 94,331 | $ 20,772 | $ 240 | $ 2,164 | $ 1,799 | $ 28 | $ 119,334 |
| December 31, 2020 | $ 94,331 | $ 21,590 | $ 280 | $ 1,645 | $ -- | $ 28 | $ 117,874 |
| June 30, 2020 | $ 94,331 | $ 22,316 | $ 320 | $ 593 | $ -- | $ 28 | $ 117,588 |

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

ix. 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 June 30, 2021 and 2020, the Group's lease payment for short-term lease commitments are $232 thousand and $90 thousand, respectively.
3. The carrying amounts of the right-of-use asset and the depreciation expense recognized are as follows:

| | June 30, 2021 | From January 1 to June 30, 2021 | June 30, 2020 | From January 1 to June 30, 2020 |
|---|---|---|---|---|
| | Carrying amount | Depreciation expense | Carrying amount | Depreciation expense |
| Property and buildings | $ 6,471 | $ 1,096 | $ 7,802 | $ 975 |
| Transportation equipment | -- | -- | 224 | 382 |
| Total | $ 6,471 | $ 1,096 | $ 8,026 | $ 1,357 |

4. Movements in right-of-use asset of the Group from January 1 to June 30, 2021 and 2020 were as follows:

| | Property and buildings | Transportation equipment | Total |
|---|---|---|---|
| January 1, 2021 | $ 6,571 | $ -- | $ 6,571 |
| Additions | 996 | -- | 996 |
| Depreciation expense | ( 1,096 ) | -- | ( 1,096 ) |
| Lease modification | -- | -- | -- |
| June 30, 2021 | $ 6,471 | $ -- | $ 6,471 |

| | Property and buildings | Transportation equipment | Total |
|---|---|---|---|
| January 1, 2020 | $ 4,363 | $ 606 | $ 4,969 |
| Additions | 8,777 | -- | 8,777 |
| Depreciation expense | ( 975 ) | ( 382 ) | ( 1,357 ) |
| Lease modification | ( 4,363 ) | -- | ( 4,363 ) |
| June 30, 2020 | $ 7,802 | $ 224 | $ 8,026 |

5. The right-of-use assets of the Group increased by $996 thousand and $8,777 thousand from January 1 to June 30, 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 | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
|---|---|---|
| Interest expense of lease liabilities | ( $ 31 ) | ( $ 43 ) |
| Expense attributable to short-term lease | ( $ 140 ) | ( $ 59 ) |
| Expenses attributable to lease of low-value asset lease | ( $ 21 ) | ( $ 30 ) |

| Items affecting the current profit or loss | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Interest expense of lease liabilities | ( $ 60 ) | ( $ 74 ) |
| Expense attributable to short-term lease | ( $ 305 ) | ( $ 116 ) |
| Expenses attributable to lease of low-value asset lease | ( $ 35 ) | ( $ 53 ) |

7. The Group's total lease cash outflows for the period from January 1 to June 30, 2021 and 2020 are $1,473 thousand and $1,570 thousand respectively.

x. 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 provide to any third party for use.
2. The Group's rental income of $2,090 thousand, $2,040 thousand, $4,300 thousand and $4,257 thousand in the operating lease agreements for the period

from April 1 to June 30, 2021 and 2020, and January 1 to June 30, 2021 and 2020 respectively, of which no rental income was recognized as a variable lease payment.

3. The due date of lease payments under operating leases of the Group are analyzed as follows:

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| June 30, 2021 | $ -- | $ 6,612 |
| June 30, 2022 | 7,649 | 3,852 |
| June 30, 2023 | 3,127 | 1,086 |
| June 30, 2024 | 1,321 | 85 |
| June 30, 2025 | 486 | -- |
| June 30, 2026 | 141 | -- |
| Total | $ 12,724 | $ 11,635 |

xi. Intangible asset

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Goodwill | | | |
| Cost | $ 11,410 | $ -- | $ -- |

| | Goodwill |
|---|---|
| January 1, 2021 | $ -- |
| Additions - business combination | 11,410 |
| June 30, 2021 | $ 11,410 |

xii. Impairment of non-financial assets

No impairment loss or reversal profit has been recognized for the Group's real property, plant and equipment for the period from January 1 to June 30, 2021 and 2020.

xiii. Short-term borrowings

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Secured borrowings | $ 2,568,100 | $ 915,000 | $ 282,000 |
| Credit borrowings | 1,500,000 | -- | -- |
| Total | $ 4,068,100 | $ 915,000 | $ 282,000 |
| Interest rate intervals recorded under short-term borrowings at the end of period (%) | 1.30-2.027 | 1.30-1.60 | 1.30-1.50 |

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 VIII.

## xiv. Notes payable and accounts payable

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Notes payable | $ 16,608 | $ 1,723 | $ 4,271 |
| Accounts payable | 33,467 | 36,991 | 2,087 |
| Provisional accounts payable | 11,226 | 11,226 | 18,560 |
| Subtotal | 44,693 | 48,217 | 20,647 |
| Accounts payable - related parties | -- | 94,571 | -- |
| Total | $ 61,301 | $ 144,511 | $ 24,918 |

## xv. Long-term borrowings

| Nature | June 30, 2021 | December 31, 2020 | June 30, 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 June 30, 2021, and December 31 and June 30, 2020 were all 1.945%. | $ 60,000 | $ 60,000 | $ 10,000 |
| Secured long-term borrowings - From May 2021, to be repaid with at least 70% of the selling price of the premises in the case of sale of premises, and the balance due in March 2025 shall be paid off in one lump sum at a floating rate, which was 1.68% on June 30, 2021. | 612,549 | -- | -- |
| Secured long-term borrowings - From June 2021, to be repaid with at the selling price of the premises in the case of sale of premises, and the balance due in May 2025 shall be paid off in one lump sum at a floating rate, which was 1.8% on June 30, 2021. | 2,142,400 | -- | -- |
| Secured long-term borrowings - From May 2021, to be repaid with at least 70% of the selling price of the premises in the case of sale of premises, and the balance due shall be paid off in one lump sum at maturity in March 2025 at a floating rate, which was 1.8% on June 30, 2021. | 182,000 | -- | -- |
| Secured long-term borrowings - From June 2021, to be repaid with at least 70% of the selling price of the premises in the case of sale of premises, and the balance due shall be paid off in one lump sum at maturity in August 2024 at a floating rate, which was 1.68% on June 30, 2021. | 96,400 | -- | -- |

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| | | | |
|---|---|---|---|
| Secured long-term borrowings - From June 2021, to be repaid with at least 70% of the selling price of the premises in the case of sale of premises, and the balance due shall be paid off in one lump sum at maturity in August 2024 at a floating rate, which was 1.68% on June 30, 2021. | 5,000 | -- | -- |
| Secured long-term borrowings - To be paid off in a lump sum at maturity in December 2027, at a floating rate, which was 1.68% on June 30, 2021. | 714,980 | -- | -- |
| Secured long-term borrowings - Originally to be repaid by in installment on a monthly basis from November 2013 and paid off in October 2016; changed to be paid off in a lump sum at maturity in October 2019, as required by a supplementary contract entered into in October 2016; changed to be repaid with at least 70% of the selling price of the premises in the case of sale of premises, and the balance due shall be paid off in one lump sum in November 2020 at a floating rate, which was 1.78% on June 30, 2020, as required by a supplementary contract entered into in July 2017. | -- | -- | 403,000 |
| Secured long-term borrowings - Originally to be paid off in a lump sum at maturity in October 2019; changed to be repaid with at least 70% of the selling price of the premises in the case of sale of premises, and the balance due shall be paid off in one lump sum in November 2020 at a floating rate, which was 1.78% on June 30, 2020, as required by a supplementary contract entered into in July 2017. | -- | -- | 110,000 |

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(Continued from previous page)

| | | | |
|---|---|---|---|
| Mortgage loans of lands and buildings - From August, 2017, to be repaid with at least 70% of the total selling price of the premises in the case of sale of premises, and the balance due shall be paid off in one lump sum at maturity in May 2021 with a floating rate, which were 1.6998% and 1.7643% on December 31 and June 30, 2020, respectively. | -- | 711,900 | 711,900 |
| Total | 3,813,329 | 771,900 | 1,234,900 |
| Less: Long-term borrowings due within one operating cycle | ( 60,000 ) | ( 771,900 ) | ( 1,224,900 ) |
| Net balance | $ 3,753,329 | $ -- | $ 10,000 |

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

| Maturity | Amount |
|---|---|
| June 30, 2024 | $ 60,000 |
| June 30, 2025 | 3,038,349 |
| After June 30, 2026 | 714,980 |
| Total | $ 3,813,329 |

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

xvi. Pensions

1. Defined benefit plans

(1) 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.

(2) The Company reversed $2 thousand, recognized $39 thousand, reversed $4 thousand, recognized $77 thousand respectively according to the above pension plan for the period from April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and 2020.

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

2. Defined contribution plan

From July 1, 2005, the Group allocates the pension to the individual labor pension accounts as set up by the Bureau of Labor Insurance for employees according to the Labor Pension Act, Ministry of Labor, and has allocated $440 thousand, $355 thousand, $593 thousand and $475 thousand for the period from April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and

2020, respectively.

xvii. Provisions

| | Provisions for employee benefits |
|---|---|
| Balance as of January 1, 2020 | $ 644 |
| Provisions used during the period | ( 644 ) |
| Balance as of June 30, 2020 | $ -- |
| | |
| Balance as of January 1, 2021 | $ 761 |
| Provisions used during the period | ( 761 ) |
| Balance as of June 30, 2021 | $ -- |

Analysis of provisions was as follow:

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Current | $ -- | $ 761 | $ -- |
| Non-current | $ -- | $ -- | $ -- |

xviii. Share capital

1. The Company's authorized share capital is $5,336,135 thousand with face value of $10 per share which is all common stock. As of June 30, 2021, December 31 and June 30, 2020, the paid-up capital is $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:

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Balance as of January 1 | 520,753 thousand shares | 270,753 thousand shares |
| Issuance of common stocks for cash | -- | -- |
| Balance as of June 30 | 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 face 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 is December 14, 2020,

and the change of registration have been completed with the Ministry of Economic Affairs.

xix. Capital surplus

| | June 30, 2021 | | December 31, 2020 | | June 30, 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 face 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. Surplus reserve shall not be used to cover accumulated deficit unless the legal surplus reserve is insufficient to cover the capital deficit.

xx. Retained earnings

1. Legal surplus reserve

   The legal surplus 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 surplus 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 surplus reserve

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

   At initial adoption of IFRSs, the Company reversed the special surplus reserve provisioned in accordance with the Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1090150022 issued on March 31, 2021 in its proportion when the Company uses, disposes of or reclassifies the relevant assets subsequently.

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 surplus 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 surplus reserve according to laws, and appropriate or reverse the special surplus 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 is lower 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 VI (xxvi).

xxi. Non-controlling interest

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Balance as of January 1 | $ 252,422 | $ 258,445 |
| Share attributable to non-controlling interests: | | |
| Net loss for the period | ( 2,730 ) | ( 2,675 ) |
| Balance as of June 30 | $ 249,692 | $ 255,770 |

xxii. Operating revenue

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
|---|---|---|
| Revenue from customer contracts | | |
| Sales revenue - lands | $ -- | $ -- |
| Sales revenue - buildings | -- | -- |
| | -- | -- |
| Rental income | 2,090 | 2,040 |
| Total | $ 2,090 | $ 2,040 |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Revenue from customer contracts | | |
| Sales revenue - lands | $ -- | $ -- |
| Sales revenue - buildings | -- | -- |
| | -- | -- |
| Rental income | 4,300 | 4,257 |
| Total | $ 4,300 | $ 4,257 |

1. The Group's revenue for the period from April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and 2020 is recognized at the following time points:

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
|---|---|---|
| Revenue recognized at a certain timing | $ -- | $ -- |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Revenue recognized at a certain timing | $ -- | $ -- |

2. Contracts liabilities

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Contracts liabilities: | | | |
| Sales of properties | $ 433,543 | $ 342,486 | $ 258,640 |

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.

Among the beginning balance of the contract liabilities as of 2021 and 2020, the income recognized for 2021 and for the period from January 1 to June 30, 2020 is $0 thousand respectively.

xxiii. Other income

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
|---|---|---|
| Interest income: | | |
| Interest on bank deposits | $ 604 | $ 369 |
| Other interest income | -- | 1 |
| | 604 | 370 |
| Dividend income | 1,329 | 4 |
| Other income - others | 1,163 | 893 |
| Total | $ 3,096 | $ 1,267 |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Interest income: | | |
| Interest on bank deposits | $ 662 | $ 831 |
| Other interest income | 4 | 42 |
| | 666 | 873 |
| Dividend income | 1,329 | 5 |
| Other income - others | 2,110 | 1,752 |
| Total | $ 4,105 | $ 2,630 |

xxiv. Other gains and losses

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
|---|---|---|
| Gain on foreign exchange, net | ($ 1,987 ) | ($ 1,544 ) |
| Profit from financial assets at fair value through profit or loss | -- | 1,793 |
| Disposal profit of long-term investments | 294 | -- |
| Total | ($ 1,693 ) | $ 249 |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Gain on foreign exchange, net | ($ 1,832 ) | ($ 1,181 ) |
| Net loss on financial assets at fair value through profit or loss | -- | ( 8,908 ) |
| Gain on lease modification | -- | 11 |
| Disposal profit of long-term investments | 294 | -- |
| Other losses | ( 6 ) | -- |
| Total | ($ 1,544 ) | ($ 10,078 ) |

xxv. Additional information on nature of cost and expenses

| | From April 1 to June 30, 2021 | | | From April 1 to June 30, 2020 | | |
|---|---|---|---|---|---|---|
| | Attributable to operation costs | Attributable to operation expenses | Total | Attributable to operation costs | Attributable to operation expenses | Total |
| Employee benefit expenses | $ 1,292 | $ 10,992 | $ 12,284 | $ -- | $ 10,548 | $ 10,548 |
| Depreciation expense | -- | 1,243 | 1,243 | -- | 1,174 | 1,174 |
| Amortization expense | -- | 23 | 23 | -- | -- | -- |

| | From January 1 to June 30, 2021 | | | From January 1 to June 30, 2020 | | |
|---|---|---|---|---|---|---|
| | Attributable to operation costs | Attributable to operation expenses | Total | Attributable to operation costs | Attributable to operation expenses | Total |
| Employee benefit expenses | $ 1,292 | $ 21,856 | $ 23,148 | $ -- | $ 19,972 | $ 19,972 |
| Depreciation expense | -- | 2,289 | 2,289 | -- | 2,355 | 2,355 |
| Amortization expense | -- | 171 | 171 | -- | -- | -- |

xxvi. Employee benefit expenses

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
|---|---|---|
| Wages and salaries | $ 9,346 | $ 7,175 |
| Director's remuneration | 950 | 2,046 |
| Labor and health insurance | 904 | 602 |
| Pension | 438 | 394 |
| Other personnel expenses | 646 | 331 |
| Total | $ 12,284 | $ 10,548 |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Wages and salaries | $ 18,440 | $ 13,875 |
| Director's remuneration | 1,960 | 4,029 |
| Labor and health insurance | 1,157 | 897 |
| Pension | 589 | 552 |
| Other personnel expenses | 1,002 | 619 |
| Total | $ 23,148 | $ 19,972 |

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. The estimated amount of the company's employee remuneration and director remuneration for the period from January 1 to June 30, 2021 and 2020 are both $0 thousand, which are estimated based on the profit as of the end 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.

xxvii. Financial costs

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
|---|---|---|
| Interest expense | $ 22,419 | $ 6,628 |
| Less: capitalization amount of qualifying assets | ( 5,712 ) | ( 2,335 ) |
| Total | $ 16,707 | $ 4,293 |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Interest expense | $ 30,499 | $ 14,003 |
| Less: capitalization amount of qualifying assets | ( 7,979 ) | ( 5,104 ) |
| Total | $ 22,520 | $ 8,899 |

xxviii. Income tax

1. Income tax expense

   Components of income tax expense:

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
|---|---|---|
| Current income tax | $ -- | $ -- |
| Deferred tax | -- | -- |
| Income tax expense | $ -- | $ -- |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 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.

xxix. Earnings per share

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

| | From April 1 to June 30, 2021 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of shares outstanding (thousand shares) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Net loss for the period attributable to the parent company | ( $ 30,296 ) | 520,753 | ( $ 0.06 ) |

Diluted earnings per share

None.

| | From April 1 to June 30, 2020 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of shares outstanding (thousand shares) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Net loss for the period attributable to the parent company | ( $ 15,494 ) | 270,753 | ( $ 0.06 ) |

Diluted earnings per share

None.

| | From January 1 to June 30, 2021 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of shares outstanding (thousand shares) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Net loss for the period attributable to the parent company | ( $ 49,761 ) | 520,753 | ( $ 0.10 ) |

Diluted earnings per share

None.

| | From January 1 to June 30, 2020 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of shares outstanding (thousand shares) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Net loss for the period attributable to the parent company | ( $ 38,414 ) | 270,753 | ( $ 0.14 ) |

Diluted earnings per share

None.

xxx. 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 $470 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 $656 thousand, respectively.

xxxi. 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 | June 30, 2021 |
|---|---|---|---|---|
| Short-term borrowings | $ 915,000 | $ 3,153,100 | $ -- | $ 4,068,100 |
| Lease liabilities | 6,599 | ( 1,133 ) | 1,056 | 6,522 |
| Long-term borrowings | 771,900 | 3,041,429 | -- | 3,813,329 |
| Guarantee deposits | 10,305 | ( 6 ) | -- | 10,299 |
| Liabilities from financing activities | $ 1,703,804 | $ 6,193,390 | $ 1,056 | $ 7,898,250 |

| | January 1, 2020 | Cash flow | Other non-cash | June 30, 2020 |
|---|---|---|---|---|
| Short-term borrowings | $ 282,000 | $ -- | $ -- | $ 282,000 |
| Lease liabilities | 4,974 | ( 1,401 ) | 4,477 | 8,050 |
| Long-term borrowings | 1,224,900 | 10,000 | -- | 1,234,900 |
| Guarantee deposits | 10,181 | 123 | -- | 10,304 |
| Liabilities from financing activities | $ 1,522,055 | $ 8,722 | $ 4,477 | $ 1,535,254 |

## (VII) 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:

i. Name of related parties and relationship

| Name | Relationship with the Company |
|---|---|
| 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, Chia-Hung | Substantive related party |
| He Feng Investment Co., Ltd. | Substantive related party |
| Pauguo Real Estate Management Co., Ltd. | Substantive related party |

ii. Significant transactions between related parties

1. Purchase

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
|---|---|---|
| Payments for lands | | |
| Other related parties | $ 124,013 | $ -- |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Payments for lands | | |
| Other related parties | $ 511,888 | $ -- |

2. Cost of construction in progress

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
| --- | --- | --- |
| Incidental expenses | | |
| He Feng Investment | $ 22,609 | $ -- |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
| --- | --- | --- |
| Incidental expenses | | |
| He Feng Investment | $ 22,609 | $ -- |

3. Administrative expenses

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
| --- | --- | --- |
| Incidental expenses | | |
| Other related parties | $ 44 | $ -- |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
| --- | --- | --- |
| Incidental expenses | | |
| Other related parties | $ 44 | $ -- |

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

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
| --- | --- | --- | --- |
| Accounts payable | | | |
| Lin, Chia-Hung | $ -- | $ 94,571 | $ -- |
| Refundable deposits | | | |
| Other related parties | $ 2,442 | $ 2,442 | $ 2,442 |

5. Others

As of June 30, 2021, the amount of refundable guaranteed notes drawn by the Company to the related party, He Feng Investment Co., Ltd., is $91,864 thousand.

iii. Information on Key management's compensation

| | From April 1 to June 30, 2021 | From April 1 to June 30, 2020 |
| --- | --- | --- |
| Salaries and other short term employee benefits | $ 1,637 | $ 2,890 |
| Termination benefits | -- | -- |
| Post-employment benefits | -- | -- |
| Other long-term employee benefits | -- | -- |
| Share-based payment | -- | -- |
| Total | $ 1,637 | $ 2,890 |

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| Salaries and other short term employee benefits | $ 3,994 | $ 5,644 |
| Termination benefits | -- | -- |
| Post-employment benefits | -- | -- |
| Other long-term employee benefits | -- | -- |
| Share-based payment | -- | -- |
| Total | $ 3,994 | $ 5,644 |

(VIII) Pledged Assets

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

| | | Carrying value | | |
|---|---|---|---|---|
| Item of Assets | Purpose of collateral | June 30, 2021 | December 31, 2020 | June 30, 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 | 10,448,795 | 3,185,853 | 2,832,926 |
| Construction in progress | Long-term and short-term borrowings | 358,932 | 245,863 | 142,749 |
| Property, plant and equipment | | | | |
| Lands | Short-term borrowings | 94,331 | 36,006 | 36,006 |
| Property and buildings | Short-term borrowings | 20,772 | 19,343 | 19,898 |
| Other equipment | Short-term borrowings | 28 | 28 | 28 |
| Other financial assets - current | Trust account | 142,335 | 156,021 | 159,013 |
| Total | | $ 11,073,507 | $ 3,651,428 | $ 3,198,934 |

(IX) Material Contingent Liabilities and Unrecognized Contractual Commitments

1. As of June 30, 2021, the Group received the deposited guaranteed notes from the contractors and customers amounted to $65,622 thousand.
2. As of June 30, 2021, the refundable guaranteed notes issued by the Company to the landlord amounted to $238,079 thousand.
3. As of June 30, 2021, the Company signed the contracts of pre-sale of properties with customer amounted to $1,973,800 thousand, and have been received $433,340 thousand according to the contract term and conditions.
4. As of June 30, 2021, the Company signed the contracts with the contractors amounted to $618,003 thousand, of which $361,348 thousand was unpaid.

(X) Significant Disaster Loss: None.

(XI) Significant Events after the Balance Sheet Date:

On August 5, 2021, the shareholders' meeting of the Company adopted the resolution to issue ordinary shares through private placement of capital increase in cash, for less than 200,000 thousand shares, which shall be dealt with once to three times within one year from the date of the resolution of the shareholders' meeting. On August 11, 2021, by resolution of the Board of Directors, 83,000 ordinary shares were issued by private placement at a face value of $10 per share and at a price of $11.8 per share, and August 25, 2021 was set as the base date for the capital increase.

## (XII) Others

### i. Capital management

The capital management the Group aims to ensure the ability as a going concern, so as to provide shareholder returns and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, reduce capital to refund shareholders, issue new shares or sell assets to pay off liabilities.

In line with its peers, the Group manages capital on the basis of its debt-to-capital ratio, which is calculated by dividing net liabilities by total capital. Net liabilities are the total liabilities presented in the balance sheet minus cash and cash equivalents. Total capital is the total component of equity (i.e., share capital, capital surplus, retained earnings, other equity interest and non-controlling interests) plus net liabilities.

The administrative authority uses an appropriate net debt /(total equity plus net debt) or other financial ratios to determine the optimal capital of the Group and to ensure that financing is available at a reasonable cost.

The debt-to-capital ratio is as follows:

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---|---|---|
| Total liabilities | $ 8,432,405 | $ 2,230,308 | $ 1,883,619 |
| Less: Cash and cash equivalents | ( 1,802,290 ) | ( 1,842,842 ) | ( 159,414 ) |
| Net liabilities | 6,630,115 | 387,466 | 1,724,205 |
| Total equity | 6,346,914 | 6,400,558 | 3,304,239 |
| Capital after adjustment | $ 12,977,029 | $ 6,788,024 | $ 5,028,444 |
| Debt-to-capital ratio | 51.09% | 5.71% | 34.29% |

ii. Financial instruments

1. Category of financial instruments

| | June 30, 2021 | | December 31, 2020 | | June 30, 2020 | |
|---|---|---|---|---|---|---|
| Financial assets | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | |
| Financial assets mandatorily measured at fair value through profit or loss | $ | -- | $ | -- | $ | 21,867 |

| | June 30, 2021 | | December 31, 2020 | | June 30, 2020 | |
|---|---|---|---|---|---|---|
| Financial assets at fair value through other comprehensive income | | | | | | |
| Designated investments in equity instruments | $ | 3,526 | $ | 2,898 | $ | 3,451 |
| Financial assets at amortized cost | | | | | | |
| Cash and cash equivalents | $ | 1,802,290 | $ | 1,842,842 | $ | 159,414 |
| Notes receivable | | 3,979 | | 1,647 | | 4,321 |
| Accounts receivable | | 31 | | 6 | | 206 |
| Other receivables | | 1,481 | | 40,008 | | 39,355 |
| Other financial assets | | 142,335 | | 211,021 | | 238,513 |
| Refundable deposits | | 31,412 | | 61,013 | | 31,463 |
| Total | $ | 1,981,528 | $ | 2,156,537 | $ | 473,272 |
| Financial liabilities | | | | | | |
| Financial liabilities at amortized cost | | | | | | |
| Short-term borrowings | $ | 4,068,100 | $ | 915,000 | $ | 282,000 |
| Notes payable | | 16,608 | | 1,723 | | 4,271 |
| Accounts payable | | 44,693 | | 142,788 | | 20,647 |
| Other payables | | 8,408 | | 10,480 | | 31,148 |
| Long-term borrowings (including due within one operating cycle) | | 3,813,329 | | 771,900 | | 1,234,900 |
| Guarantee deposits | | 10,299 | | 10,305 | | 10,304 |
| Total | $ | 7,961,437 | $ | 1,852,196 | $ | 1,583,270 |
| Lease liabilities | $ | 6,522 | $ | 6,599 | $ | 8,050 |

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.

(1) 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.

A. 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 significant affected by exchange rate fluctuation are as follows:

| | From January 1 to June 30, 2021 | | |
|---|---|---|---|
| | Foreign currency (in thousands) | Exchange rate | Unrealized exchange gain (loss) (NT$) |
| Financial assets | | | |
| USD: NTD | $ 2,987 | 27.860 | ( $ 1,814 ) |
| RMB:NTD | 202 | 4.309 | ( 14 ) |
| HKD: NTD | 53 | 3.587 | ( 4 ) |

| | From January 1 to June 30, 2020 | | |
|---|---|---|---|
| | Foreign currency (in thousands) | Exchange rate | Unrealized exchange gain (loss) (NT$) |
| Financial assets | | | |
| USD: NTD | $ 2,570 | 29.630 | ( $ 1,089 ) |
| RMB:NTD | 201 | 4.191 | ( 10 ) |
| HKD: NTD | 53 | 3.823 | ( 1 ) |

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

| | June 30, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | Carrying amount (NT$) | Variation | Effect on profit or loss | Effect on equity |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD | $ 2,987 | 27.860 | $ 83,215 | 5% | $ 4,161 | $ -- |
| RMB | 202 | 4.309 | 869 | 5% | 43 | -- |
| HKD | 53 | 3.587 | 190 | 5% | 10 | -- |
| Non-monetary items | | | | | | |
| USD | 73 | 27.860 | 2,041 | 5% | -- | 102 |

| | 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 |

| | June 30, 2020 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Foreign currency | Exchange rate | | Carrying amount (NT$) | Variation | | Effect on profit or loss | | Effect on equity |
| Financial assets | | | | | | | | | | |
| Monetary items | | | | | | | | | | |
| USD | $ | 2,570 | 29.630 | $ | 76,150 | 5% | $ | 3,808 | $ | -- |
| RMB | | 201 | 4.191 | | 843 | 5% | | 42 | | -- |
| HKD | | 53 | 3.823 | | 202 | 5% | | 10 | | -- |
| Non-monetary items | | | | | | | | | | |
| USD | | 421 | 29.630 | | 12,465 | 5% | | 451 | | 172 |

B. 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/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 $78,814 thousand, $16,869 thousand and $15,169 thousand as of June 30, 2021, and December 31 and June 30, 2020, respectively, mainly due to the Group's borrowings with variable interest rate.

C. Other price risk

The Group’s exposure to equity price risk for the three months ended March 1, 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 June 30, 2021, and December 31 and June 30, 2020, would be increased/decreased by $0 thousand, $0 thousand, and $2,187 thousand, respectively, due to changes in the fair value of financial assets held at fair value through profit or loss. The other equity interest will be increased/decreased by $353 thousand, $290 thousand, and $345 thousand, respectively, due to changes in the fair value of financial assets held at fair value through other comprehensive income.

(2) 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.

(3) 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 June 30, 2021, and December 31 and June 30, 2020, the total banking facilities that have not yet utilized by the Group are \$1,661,471 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.

| | June 30, 2021 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | Between 1 and 3 year(s) | Between 3 and 5 years | Over 5 years | Total of undiscounted cash flows |
| Non-derivative financial liabilities | | | | | |
| Short-term borrowings | $ 2,141,784 | $ 2,012,174 | $ -- | $ -- | $ 4,153,958 |
| Notes payable | 16,608 | -- | -- | -- | 16,608 |
| Accounts payable | 44,693 | -- | -- | -- | 44,693 |
| Other payables | 8,408 | -- | -- | -- | 8,408 |
| Lease liabilities | 2,285 | 4,237 | -- | -- | 6,522 |
| Long-term borrowings (including due within one operating cycle) | 67,013 | 192,995 | 3,106,792 | 732,965 | 4,099,765 |
| Guarantee deposits | 688 | 4,933 | 128 | 4,550 | 10,299 |
| Total | $ 2,281,479 | $ 2,214,339 | $ 3,106,920 | $ 737,515 | $ 8,340,253 |

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | Between 1 and 3 year(s) | 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 |

| | June 30, 2020 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | Between 1 and 3 year(s) | Between 3 and 5 years | Over 5 years | Total of undiscounted cash flows |
| Non-derivative financial liabilities | | | | | |
| Short-term borrowings | $ 283,685 | $ -- | $ -- | $ -- | $ 283,685 |
| Notes payable | 4,271 | -- | -- | -- | 4,271 |
| Accounts payable | 20,647 | -- | -- | -- | 20,647 |
| Other payables | 31,148 | -- | -- | -- | 31,148 |
| Lease liabilities | 2,119 | 3,913 | 2,018 | -- | 8,050 |
| Long-term borrowings (including due within one operating cycle) | 530,983 | 725,929 | 10,023 | -- | 1,266,935 |
| Guarantee deposits | 980 | 124 | 4,650 | 4,550 | 10,304 |
| Total | $ 873,833 | 729,966 | 16,691 | 4,550 | 1,625,040 |

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.

iii. 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 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:

| | June 30, 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Recurring fair value | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Unlisted stocks | $ -- | $ -- | $ 3,526 | $ 3,526 |

| | 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 |

| | June 30, 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | | Level 2 | | Level 3 | | Total | |
| Assets | | | | | | | | |
| Recurring fair value | | | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | | | |
| Listed stocks | $ | 1,992 | $ | -- | $ | -- | $ | 1,992 |
| Beneficiary certificates | | 19,875 | | -- | | -- | | 19,875 |
| Financial assets at fair value through other comprehensive income | | | | | | | | |
| Unlisted stocks | | -- | | -- | | 3,451 | | 3,451 |
| Total | $ | 21,867 | $ | -- | $ | 3,451 | $ | 25,318 |

4. The methods and assumptions the Group used to measure fair value are as follows:
   (1) 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).
   (2) 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.
   (3) 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 during the period from January 1 to June 30, 2021 and 2020.

6. Change in Level 3

| | From January 1 to June 30, 2021 | From January 1 to June 30, 2020 |
|---|---|---|
| January 1 | $ 2,898 | $ 3,769 |
| Increase in the current period | 1,781 | -- |
| Share capital returned from current liquidation | -- | ( 1,200 ) |
| Gain recognized in other comprehensive income (losses) | ( 1,153 ) | 882 |
| June 30 | $ 3,526 | $ 3,451 |

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.

| | Fair value as of June 30, 2021 | Evaluation techniques | Significant unobservable inputs | Relationship between input and fair value |
|---|---|---|---|---|
| Non-derivative equity instruments: | | | | |
| Venture capital stock | $ 3,526 | 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 |

| | Fair value as of December 31, 2020 | 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 |

| | Fair value as of June 30, 2020 | Evaluation techniques | Significant unobservable inputs | Relationship between input and fair value |
|---|---|---|---|---|
| Non-derivative equity instruments: | | | | |
| Venture capital stock | $ 3,451 | 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

| | | | June 30, 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% | $ -- | $ -- | $ 588 | $ 588 |

| | | | 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 |

| | | | June 30, 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% | $ -- | $ -- | $ 573 | $ 573 |

(XIII) Supplementary Disclosures

i. 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 $300 Million or 20% of Paid-in Capital or more | None |
| 5 | Acquisition of Real Estate Amounting to $300 Million or 20% of the Paid-in Capital or More | Table 2 |
| 6 | Disposal of Real Estate Amounting to $300 Million or 20% of the Paid-in Capital or More | None |
| 7 | Purchases or Sales with Related Parties Amounting to $100 Million or 20% of Paid-up Capital or More | Table 3 |
| 8 | Receivables from Related Parties Amounting to $100 Million or 20% of the Paid-up 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 | Table 4 |

ii. Information on Reinvestment: Table 5.

iii. Information on Investments in mainland China: None

iv. Information on Major Shareholders: Table 6.

Table 1

Securities held by the Company as of June 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Unit: In Thousands of New Taiwan Dollars

| Company as holder | Type of marketable securities | Name of marketable securities | Relationship between the issuer of securities and the Company | General ledger account | End of period | | | | Remark | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares/units (thousand shares) | Carrying amount | Shareholding ratio (%) | Fair value | Number of shares provided as collateral (thousand shares) | Pledged amounts |
| The Company | Stock | Vincera Growth Capital II Limited | None | Financial assets at fair value through other comprehensive income - non-current | 60 | $ 2,041 | 5 | $ 2,041 | -- | $ -- |
| The Company | Stock | Hwa Chi Venture Capital Co., Ltd. | None | Financial assets at fair value through other comprehensive income - non-current | 94 | 1,485 | 2 | 1,485 | -- | -- |

Table 2

As of June 30, 2021, Acquisition of Real Estate by the Company Amounting to $300 Million or 20% of the Paid-up Capital or More:

Unit: 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. 41, Xinzhan Section, Shalu District, Taichung City | March 2, 2021 (Signing date) | 183,368 (Note 1) | Pay according to the contract | He Feng Investment Co., Ltd. | Substantive related party | 16 persons including Mr./ Ms. Chen | None | October 2020 | 180,755 | Note 2 | Construction of residential buildings | None |
| The Company | Land lot no. 227, 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 |
| The Company | Land lot no. 124, Lejie Section, Guishan District, Taoyuan City | March 12, 2021 (Signing date) | 502,445 | Pay according to the contract | Mr./ Ms. Chu | Non-related party | -- | -- | -- | -- | Valuation report | Construction of residential buildings | None |
| The Company | Land lot no. 32, Shanjie Section, Guishan District, Taoyuan City | April 10, 2021 (Signing date) | 313,553 | Pay according to the contract | Mr./ Ms. Chu | Non-related party | -- | -- | -- | -- | Valuation report | Construction of residential buildings | None |
| The Company | Land lot no. 31, New High-speed Railway Section in Wuri District, Taichung city | April 7, 2021 (bid opening date) | 3,895,679 | Payment in accordance with the tender provisions | Taichung City Government | Non-related party | -- | -- | -- | -- | Open government tender | 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 June 30, 2021, the Company's Purchases or Sales with Related Parties Amounting to $100 Million or 20% of Paid-up Capital or More:

Unit: In Thousands of New Taiwan Dollars

| A company purchases (sales) goods | 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 | As a percentage in total purchase (sales) | Credit period | Unit price | Credit period | Balance | As a percentage in total notes or accounts receivable (payable) | |
| The Company | He Feng Investment Co., Ltd. | Substantive related party | Purchase | $ 511,888 | 8.30% | Payment by installment in accordance with the contract | $ -- | -- | $ -- | -- | -- |

Table 4

The business relationship between the Company's parent company and subsidiaries, and among subsidiaries, and significant transactions and amount as of June 30, 2021:

Unit: In Thousands of New Taiwan Dollars

| No. (Note 1) | Name of trader | Counterparty | Relationship with traders (Note 2) | Business transaction | | | |
|---|---|---|---|---|---|---|---|
| | | | | Subject | Amount | Terms of transaction | Percentage in total consolidated operating income or total assets (Note 3) |
| 1 | Huajian | The Company | 2 | Contract assets | $ 37,068 | Note 4 | 0.25% |
| 1 | Huajian | The Company | 2 | Operating revenue | 37,068 | Note 4 | 862.05% |

Note 1: The information of business transactions between the parent company and subsidiaries shall be indicated in the number column respectively. The number shall be filled in as follows:

(1) Enter 0 for parent company

(2) Subsidiaries are numbered by company starting with the arabic numeral 1

Note 2: There are three types of relationship between traders, and fill in the type is acceptable (if the transaction between parent company and parent company is the same as that between subsidiaries, it is not necessary to disclosed again. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary, the part of the subsidiary is not required to be disclosed again; For a transaction between two subsidiaries, if it has been disclosed by one subsidiary, it is not required to be disclosed again by the other subsidiary):

(1) Parent company's transaction with subsidiary

(2) Subsidiary's transaction with the parent company

(3) Transaction between two subsidiaries

Note 3: The ratio of the transaction amount to the total consolidated operating income or total assets shall be calculated as the ratio of ending balance to the total consolidated assets if it is an asset and liability item, or shall be calculated as the ratio of the interim cumulative amount to the total consolidated operating income if it is a profit or loss item.

Note 4: The price of the construction works entrusted by the Company to the related parties shall be agreed upon by both parties, and the amount shall be paid by installment according to the contract.

Table 5 Information on Reinvestment

Information on investee in which the Company exercise ability of control or significant influence:

Unit: 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 current period | Year-end of the previous year | Number of shares (thousand shares) | 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 | 58.36 | $344,009 | ($ 6,557) | ($ 3,827) | -- |
| 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 | 111,500 | -- | 12,250 | 100.00 | 110,935 | 745 | ( 565) | -- |

Table 6 Information on Major Shareholders

Shareholding conditions of major shareholders of the Company as of June 30, 2021:

Unit: thousand shares

| Name of major shareholder | Number of shares held | Shareholding ratio (%) |
|---|---|---|
| Chia Chun Investment Co., Ltd. | 104,555 | 20.07 |
| Da Shuo Investment Co., Ltd. | 42,632 | 8.18 |
| Neng Hong Investment Holdings Co., Ltd. | 29,550 | 5.67 |
| Chang Yun Investment Co., Ltd. | 27,300 | 5.24 |

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.

(XIV) Segment Information

i. General information

The Group operates in a single industry, and the Board of Directors identified that the Company and subsidiaries are each reporting 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.

ii. Segment Information

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

The Group's reporting 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 IV.

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

| | From January 1 to June 30, 2021 | | | | |
|---|---|---|---|---|---|
| | The Company | Huachien | Huajian | Adjustments and elimination | Total |
| **Revenue** | | | | | |
| Net revenue from external customers | $ 351 | $ 3,949 | $ -- | $ -- | $ 4,300 |
| Net inter-segment revenue | 110 | -- | 37,068 | ( 37,178 ) | -- |
| Total revenue | $ 461 | $ 3,949 | $ 37,068 | ($ 37,178 ) | $ 4,300 |
| **Segment income (loss)** | ( $ 49,761 ) | ( $ 6,557 ) | $ 745 | $ 3,082 | ( $ 52,491 ) |
| **Segment assets** | $ 13,780,160 | $ 1,319,399 | $ 139,607 | ($ 459,847 ) | $ 14,779,319 |
| **Segment liabilities** | $ 7,682,938 | $ 729,939 | $ 38,586 | ($ 19,058 ) | $ 8,432,405 |

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

| | From January 1 to June 30, 2020 | | | |
|---|---|---|---|---|
| | The Company | Huachien | Adjustments and elimination | Total |
| **Revenue** | | | | |
| Net revenue from external customers | $ 405 | $ 3,852 | $ -- | $ 4,257 |
| Net inter-segment revenue | 14 | -- | ( 14 ) | -- |
| Total revenue | $ 419 | $ 3,852 | ($ 14 ) | $ 4,257 |
| **Segment income (loss)** | ( $ 38,414 ) | ( $ 6,425 ) | $ 3,750 | ( $ 41,089 ) |
| **Segment assets** | $ 4,204,116 | $ 1,332,690 | ( $ 348,948 ) | $ 5,187,858 |
| **Segment liabilities** | $ 1,155,647 | $ 728,633 | ( $ 661 ) | $ 1,883,619 |

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