Stock Code: 2530

Delpha Construction

2018 Annual Report

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Taiwan Stock Exchange Market Observation Post System:

http:// mops.twse.com.tw

Annual Report is available at: http://www.delpha.com.tw/web/Meeting.aspx

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【Letter to Shareholders】

1. Preface:

Dear Shareholders,

In prospect of the global economy in 2019, the global trade growth this year will not be as good as the performance in 2018 according to the international major forecasting bodies, International Monetary Fund (IMF) and Organization for Economic Co-operation and Development (OECD). Review the domestic housing market, it has declined and made consolidation continuously since Q4 of 2015 though it achieved slightly better performance in 2018 than that in 2017. The main reason is that the projects that were in the re-planned district with low sum price but high CP value, and the new houses that were well-planned but sold at cut-price were preferred by customers.

At present, it still needs to be cautious about the prosperity of the domestic housing market. The main reasons include: (1) The impact of China-US trade war on domestic and international economic situation will affect people's confidence in the future economic trend. (2) 2020 presidential election will surely promote the supply of housing projects during the first three quarters this year. (3) There are large numbers of houses remaining in the early stage which are to be sold. However, there are still two niches. (1) People prefer purchase a house to rent at low interest rate, which has become a trend. (2) After the consolidation of more than three years, the deferred markets and customers who plan to change better houses are are gradually emerging.

The Company will release two residential projects in 2019: the self-construction project with 12 floors above ground and 3 floors underground located in Yunhe Street, Da’an District, and the joint construction project with 7 floors above ground and 2 floors underground located in Zhongshan District. These two projects located in the prime location of Taipei City, through delicate planning and design, will be surely liked by customers, achieving smooth sales. In addition, the urban renewal projects in both Huai Sheng Section and Taiyuan Road Street are promoted smoothly and actively. The Company will also strive to seek suitable land acquisition or joint construction, so as to expand to more dimensions, with the expectation to create better operation performance for the Company.

Chairman Lee, Chin-Yi

2. 2018 Operating Performance of Delpha Construction

(1) Implementation status of the operation plan in 2018:

The operating revenue of the Company and its subsidiaries in 2018 was NT$ 1,212,121,000, which was increased by NT$1,142,896,000 if compared with the operating revenue of NT$ 69,225,000 in 2017, achieving the growth rate of 1650.99%. The net profit after tax was NT$34,664,000, which was increased by NT$151,710,000 if compared with the pre-tax net loss of NT$117,046,000 in 2017.

(2)Operating revenue in 2018

Unit: NT$1,000

Project	Area of hand-over house (in the unit of $3m^2$)	Amount
Shitan Section Project A (Reading Green Life Tianqin)	1,891.07	1,029,287
Shitan Section Project B (Reading green life Tianyun)	324.13	169,943
Shenghuojia (Life Artist) Part A	7.28	726
Taiyuan Road Street	3.38	4,997
Rental income	-	7,168
Total	2,225.86	1,212,121

(based on the consolidated financial statement)

(3)Implementation of budget:

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company doesn't need to publish its 2018 financial forecast.

(4) Financial revenue & expenditure, and profitability

Item		2018	2017
Financial structure %	Debt to assets ratio (%)	32.02	39.66
	Long-term funds to property, plant and equipment ratio (%)	3,517.75	3,370.55
Solvency %	Current ratio	552.98	351.74
	Quick ratio	72.75	36.87
	Times interest earned ratio (times)	2.13	(2.02)
Profitability %	Return on Assets	0.82	(1.51)
	Return on equity	0.58	(3.37)
	Ratio of pre-tax net profit to paid-in capital(%)	1.28	(4.32)
	Net profit (loss) rate	1.66	(176.83)
	Earnings per share (NT$)	0.10	(0.43)

(based on the consolidated financial statement)

This year's operating income is higher than last year's, so both the net profit margin and earnings per share are also higher.

(5) Research and development situation: Please refer to 79 of this Annual Report.

3. 2019 Business Plan

(1) Business Strategy

From land development to design and construction, the Company has constantly been upholding the spirit of "cultivating spaces and caring about the earth", and has always been pursuing the goals of "providing high-quality and diversified construction and living spaces, caring about the social environment, and helping to create a gorgeously neat dwelling and urban life landscape". We also take an honest and responsible attitude to meet the public's and house buyers' needs toward the living environment and space.

In order to enhance our competitive and operating advantages, we strive to achieve the following four goals:

(1) To actively dispose the unsold houses and lands to reduce the debt ratio.

(2) To strengthen the operating group and stabilize the financial structure.

(3) To grasp market trends and formulate strategies and responding measures accordingly.

(4)To effectively integrate resources and improve competitiveness.

(2) Business Goals

This year, the Company will focus on:

(1) The sale of the completed "Reading Green Life" shops and general business offices.

(2) The planning, design and sale of the "Yunhe Street Urban Green" pre-sale case.

(3) The planning, design and sale of the “Wuchang Street ” pre-sale case.

(3) Important Production and Sale Policies

Production Strategies:

Our Company is committed to the construction of high-quality and intelligent houses and business buildings.

The production strategies are:

(1) Operating areas: The prime districts of Greater Taipei.

(2) Development methods:

a. We are going to keep developing and rolling out new projects of the lands with well-developed infrastructure in Greater Taipei by means of joint construction or purchase.

b. During the period that the government is striving to promote urban renewals, we will actively participate in the lucrative urban renewal and reconstruction cases of perilous or old buildings in Greater Taipei.

(3) Product type: high-tech business buildings and high-class residential buildings.

Sale strategies:

(1) Commissioned sale:

We will choose excellent sales agencies to cooperate with, so as to allow the Company to focus on development, planning and construction.

(2) Sale by the Company itself:

Regardless of cooperating with distributors or agencies, or selling on our own, in the circumstances of buyer’s market, we will actively take the initiative to take the lead and strive to make a satisfactory deal.

4. The Impact of the External Competitive Environment, Regulatory Environment, and Overall Economic Conditions:

1. The acquisition and integration of the lands in Greater Taipei areas have become increasingly difficult, and the costs of lands and construction have also risen, all of which have obstructed the promotion and development of the construction projects.
2. The government has indeed been vigorously promoting urban renewal cases, but our development schedules have always been delayed for lack of supporting regulations.
3. The government has successively implemented such policies as "actual-price registration", "raising the standard price of house", "restricting home mortgage" and "combining real-estate taxes on house and land", all of which have impeded the development of the real estate industry.
4. The conditions of the overall construction industry are unfavorable and the amount of unsold houses is still large. At present, the trend of “surrender part of the profits” has spread in the real estate industry, affecting both the pre-sale cases and the completed house cases. Therefore, the slowdown of the sales of remaining houses in Greater Taipei is still difficult to change in the short term.

【Company Profile】

1. Date of Incorporation: December, 1960

2. Company History:

(1) Delpha Construction Co., Ltd:

Year	Milestone
1960	“Taiwan Shoelace Factory Corp.”, the predecessor of Delpha Construction, was established by Mr.Lin Deng, the former president of Goldsun Group. The factory was located in Shilin and engaged in the production and sales of shoelace.
1964	In order to expand production scale, the factory was moved to Beitou and renamed as “Delpha Canvas Co., Ltd.”, which was engaged in the production and sales of canvas and related products.
1978	With the rapid development of Taiwan's economy and the dramatic increase of urban population, in order to provide a good living space for the mass public, the management of the Company re-constructed “Delpha Canvas Co., Ltd.” Into “Delpha Industries Co., Ltd”, with the main businesses of construction of residential buildings, rental and sale of office buildings.
1984	The case “Kanalin Garden Building” located in Anhe Road of Taipei City won the Beautiful House Award in 1984.
1985	It was renamed as “Delpha Construction Co., Ltd.”, with the business philosophy of providing a good living environment and quality service for the mass public.
1991	The Company increased capital to NT$373,750,000, and submit the application of supplemental public issuance to Securities and Exchange Commission (SEC).
1992	The Company issued the shares publically upon the approval of SEC, and increased capital out of earnings NT$37,375,000, increased capital through reserve NT$11,212,000, and increased capital by cash NT$120,000,000, with the amount of paid-in capital reaching NT$542,337,000.
1993	The case “Athens Era” located in Kangning Street, Xizhi District won the award of “Golden Quality of Construction”.
1993	The Company increased capital through employee dividend NT$ 65,921,000, and increased capital through reserve NT$16,270,000, with the amount of paid-in capital reaching NT$624,528,000.
1994	The Company increased capital out of earnings NT$124,906,000, and increased capital by cash NT$100,000,000, with the amount of paid-in capital reaching NT$849,434,000.
1995	The shares of the Company were listed in the exchange market of TWSE on October 12, 1995.
1996	The Company increased capital out of earnings NT$101,932,000, increased capital through employee dividend NT$2,292,000 and increased capital by cash

	NT$200,000,000, with the amount of paid-in capital reaching NT$1,153,658,000.
1996	The case “Delpha Villa” located in Neihu won the award “Golden Quality of Construction” in the category of planning and design in 1996.
1996	The Company increased capital out of earnings NT$115,365,000, and increased capital by cash NT$430,000,000, with the amount of paid-in capital reaching NT$1,699,023,000.
1997	The Company issued the first domestic unsecured convertible corporate bond NT$ 800,000,000.
1997	The Company increased capital out of earningsNT$135,922,000, increased capital through reserve NT$ 169,902,000, increased capital by cash NT$400,000,000 and converted the certificate of entitlement to new shares form convertible bond (Huachien A) into common shares of NT$47,602,000, with the amount of paid-in capital reaching NT$2,452,450,000.
1998	The Company converted the certificate of entitlement to new shares form convertible bond (Huachien B) into common shares of NT$124,385,000, with the amount of paid-in capital reaching NT$2,576,835,000.
1998	The Company issued the second domestic unsecured convertible corporate bond NT$1,000,000,000. The Company increased capital out of earnings NT$397,102,000, increased capital through reserve NT$257,684,000, and converted the certificate of entitlement to new shares form convertible bond (Huachien C) into common shares of NT$37,399,000, and increased capital by cash NT$300,000,000, with the amount of paid-in capital reaching NT$3,569,020,000.
1999	The Company increased capital out of earnings NT$ 356,902,000, and increased capital through employee dividend NT$ 16,019,000, with the amount of paid-in capital reaching NT$3,941,941,000.
2000	The Company increased capital out of earnings NT$197,097,000, and increased capital through reserve NT$197,097,000, with the amount of paid-in capital reaching NT$4,336,136,000.
2001	The Company repurchased 13,385,000 shares, with the amount of paid-in capital changed to NT$4,202,286,000.
2004	The Company decreased capital of NT$1,517,945,000, with the amount of paid-in capital changed to NT$2,684,341,000.
2004	The Company conducted private placement to increase capital by cash NT$411,370,000, with the amount of paid-in capital changed to NT$3,095,711,000.
2007	The Company conducted private placement to increase capital by cash NT$187,500,000, with the amount of paid-in capital changed to NT$3,283,211,000.
2009	The Company decreased capital of NT$744,296,000, with the amount of paid-in capital changed to NT$2,538,915,000.
2010	The Company increased capital out of earnings NT$50,778,000, with the amount of paid-in capital changed to NT$2,589,693,000.

2011	The Company increased capital out of earnings NT$64,742,000, with the amount of paid-in capital changed to NT$2,654,436,000.
2012	The Company increased capital out of earnings NT$53,089,000, with the amount of paid-in capital changed to NT$2,707,525,000.

The Company is engaged in the real estate business since the re-construction, with the achievements listed as below in the past years:

Year	Milestone
1979 1980	(1) "Rongxing Jiayuan" located in Wuchang Street of Taipei City, with 50 apartments at 5 floors in total. (2) "Jinhua Building" located in section 5 of Nanjing E. Rd., with 47 residential-commercial units at 12 floors.
1981	(1) "Delpha Liyuan" located in Fuxing N. Rd. of Taipei City, with 81 residential-commercial units at 7 floors. (2) "Chunhua Building" located in Fuxing N. Rd. of Taipei City, with 69 residential-commercial units at 12 floors.
1982	(1) "Luofu Palace" located in Songjiang Rd. of Taipei City, with 101 residential-commercial units at 12 floors. (2) "Kanalin Garden Building" located in Anhe Rd. of Taipei City, with 62 residential houses at 12 floors in total.
1984	(1) "Zhongxiao Yayuan" aside CTS in Guangfu S. Rd. of Taipei City, with 31 residential-commercial units at 6 floors.
1985	(1) "Luxury House of Art" in Longjiang Rd. of Taipei City, with 30 residential houses at 5 floors in total. (2) "Delpha Mingsha" in Wenchang Street Entrance, Guangku S. Rd., Taipei City, with 60 residential-commercial units at 12 floors.
1986 1987	(1) "Delpha Dalinyuan" located in Huangxi Street, Tianmu, with120 residential units at 5 floors in total. (2) "Yangming Quanyuan Villa" located in Quanyuan Rd., Beitou, with 90 units including 19 villas and 11-storey residential building.
1988	(1) "Cuiti Shuangxing" located in Chenggong S. Rd., Zhonghe, with two 16-storey residential-commercial buildings, holding a total of 104 units based on open space design. (2) "Delpha Yuanzhongyuan" located aside Xianfu Road, Taoyuan City, with 15 townhouse villas based on open space design, 30 residential-commercial units of 5 blocks, and 189 units of five 14-storey blocks.
1989	(1) "Athens Era" located in Kangning Street, Xizhi District, which was built on the base of 6,900m^3 based on open space design, holding a total of 322 residential houses at 16~23 floors.
1990	(1) "Delpha Shanshui" located in Kangle Street, Donghu, with 11 residential houses at 6 floors.

	(2) “Chienfu Building” located in Section 2, Jinshan S. Rd., Taipei City, with 12-storey office building holding 13 units in total, which was released for sale in 1993.
1991	(1) “Mengdi Kaluo” located in Daoxiao Rd., Beitou, with 4 villas and a 8-storey building holding 17 residential houses, which was completed and delivered in 1995. (2) “Delpha Dream House A, B and C” located in Dalong Street, Taipei City, with 7-storey and 8-storey buildings holding commercial-residential 149 units, which was completed and delivered in 1994.
1992	(1) “Delpha Dream House D” located in Dalong Street, Taipei City, with 3-storey underground/14-storey aboveground, 1-storey underground/6-storey aboveground residential building holding a total of 109 units, which was completed and delivered in 1995. (2) “Delpha Zunjue” located in Zhengyi S. Rd., Sanchong, with 3-storey underground/14-storey aboveground commercial and residential building holding a total of 83 units, which was completed and delivered in 1995. (3) “Delpha Living’s Home” located in Xingguang Rd., Wenshan District, with 5-storey residential building, which was completed and delivered in 1994. Another 2-storey underground/12-storey aboveground residential building was completed and delivered in 1995.
1993	(1) “Taiwan Shijia” located in Shuangshi Rd., Banqiao, with 5-storey underground/26-storey aboveground commercial-residential building holding a total of 285 units, which was completed and delivered in 1997. (2) “Fubishi Plaza” located in Songren Rd., Taipei City, with 3-storey underground/16-storey aboveground commercial-residential building holding a total of 70 units, which was completed and delivered in 1996.
1994	(1) “Meili Dahu A” located in Dahu Shanzhuang Street, Taipei City, with 2-storey underground/4-storey aboveground residential building holding a total of 65 units, which was completed and delivered in 1996.
1995	(1) “Meili Dahu B” located in Neihu, with 1-storey underground/5-storey aboveground residential building holding a total of 34 units, which was completed and delivered in 1997. (2) “Delpha Villa A” located in Neihu, with 1-storey underground/4-storey aboveground villas holding a total of 49 units, which was completed and delivered in 1997. (3) “Delpha Villa B” located in Neihu, with 1-storey underground/4-storey aboveground villas holding a total of 37 units, which was completed and delivered in 1996.
1997	(1) “Gongyuanlu” located in Section 5, Chenggong Rd., Neihu, with 2-storey underground/14-storey aboveground residential building holding a total of 195 units, which was completed and delivered in 1999.

	(2) “Xingguang Nanjing Technological Building” located in the entrance of Jianguo N. Rd. and Nanjing E. Rd., with 5-storey underground/11-storey aboveground office building, which was completed and delivered in 1999. (3) “Xinji Building” located in Section 4, Xinyi Rd. near the entrance of Keelung Rd., with 5-storey underground/27-storey aboveground office building (5 units distributed for the Company), which was completed and delivered in 1997.
1998	(1) “Delpha Junzhi” located in Section 2, Neihu Rd., Neihu, with 1-storey underground/11-storey aboveground residential building holding a total of 17 units, which was completed and delivered in 2000. (2) “Reading Europe” located in Section 5, Chenggong Rd., Neihu, with 2-storey underground/14-storey aboveground commercial-residential building holding a total of 237 units, which was completed and delivered in 2001.
1999	(1) “Shijie Zhiding”(The Top of the World) located in Dehui Street, with 6-storey underground/10-storey aboveground office building holding a total of 69 units.
2000, 2001	(1) “Hangxia” located in the entrance of Dunhua N. Rd. and Minquan E. Rd., with 6-storey underground/15-storey aboveground office building. (2) “Shiji Luofu” in the entrance of Boai Rd. and Hengyang Rd., with 6-storey underground/14-storey aboveground office building.
2002	(1) “Hangxia” was completed and delivered.
2003	(1) “Meiyanjia” located in Section 2, Zhongshan N. Rd., with residential building under joint construction. (2) “Shijie Zhiding” and “Shiji Luofu” were completed and delivered.
2005	(1) “Xinyi Xiangxie” in the entrance of Songde Rd. and Xinyi Rd.,with residential building under joint construction. (2) “Meiyanjia” was completed and delivered.
2006	(1) “Xinyi Xiangxie” was completed and delivered.
2008	(1) “Jiuyang” located in Zhulun Street, Zhongshan Strict, Taipei City, with 4-storey underground/14-storey aboveground office building. (2) “Xinyi Jiuwu” located in Fude Street, Xinyi District, Taipei City, with 3-storey underground/14-storey aboveground commercial-residential building.
2010	(1) “Jiuge” located in Section 1, Xingguang Rd., Wenshan District, Taipei City, with 2-storey underground/10-storey aboveground residential building.
2011	(1) “Jiuyang” was completed and delivered. (2) “Xinyi Jiuwu” was delivered with ready house.
2012	(1) “Delpha Reading Green Life” located in Section 2, Chenggong Rd., Taipei City, with 4-storey underground/14-storey aboveground commercial-residential building.

2013	(1) “Jiuge” was completed and delivered.
2015	(1) “Delpha Reading Green Life” was completed and delivered.

(2) Huachien Development Co., Ltd.:

Year	Milestone
1998	Date of incorporation: June, 1998. The predecessor of Huachien Development Co., Ltd. was Huachien Investment Corp. , with the major businesses of general investments, and the amount of paid-in capital of NT$ 500,000,000.
2003	It was renamed as Huachien Development Co., Ltd., and changed the businesses as development, lease and sale of residences and buildings, development in specific regions, interior decoration, development, lease and rental of industrial plants. “Dazhi Jingdian” was released, which was located in Wenhu Street, Neihu District, Taipei City, with 8-storey residential building holding a total of 40 units.
2004	The Company decreased the capital of NT$267,450,000 to make up the loss, with the amount of paid-in capital decreased to NT$ 232,550,000.
2005	The Company decreased the capital of NT$92,322,000 to make up the loss, with the amount of paid-in capital decreased to NT$140,228,000.
2006	“Dazhi Jingdian” was completed and delivered.
2009	The Company increased the capital by cash of NT$50,000,000, with the amount of paid-in capital reaching NT$ 190,228,000.
2010	The Company increased the capital by cash of NT$30,000,000, with the amount of paid-in capital reaching NT$220,228,000.
2013	The Company increased the capital by cash of NT$12,500,000 and NT$25,000,000, with the amount of paid-in capital reaching NT$257,728,000.
2015	The Company increased the capital by cash of NT$54,287,000, with the amount of paid-in capital reaching NT$312,015,000.

(3) Dahyoung Real Estate Development Co.. Ltd:

Year	Milestone
1997	Date of incorporation: August, 1997. The predecessor of Dahyoung Real Estate Development Co..Ltd. was Dahyoung Investment Corp., with the major businesses of general investments and the investment into the construction of commercial building and residential building, and the amount of paid-in capital of NT$190,000,000.
2005	It was renamed as Dahyoung Real Estate Development Co.. Ltd., and changed the businesses as development, rental and sales of residence and building, wholesale of building materials, retail of building materials, international trade,

	amusement park industry, development of specific regions, interior decoration, development, lease and sales of industrial plant, block section of the collection development projects and agency of urban land re-planning.
2005	The Company decreased the capital of NT$95,920,000 to make up the loss, with the amount of paid-in capital decreased to NT$94,080,000.
2010	The Company decreased the capital of NT$55,000,000 to make up the loss, with the amount of paid-in capital decreased to NT$39,080,000.

3. Events Showing Substantial Impact on the Shareholder's Equity or the Securities Price in the Current Year and As of the Annual Report Publication Date:

(1) Acquisition, re-investment into related parties, reconstruction, change of operation right, substantial change of operation means or businesses, and other important matters showing substantial impact on the shareholder's equity and the Company in the current year and as of the annual report publication date :

None.

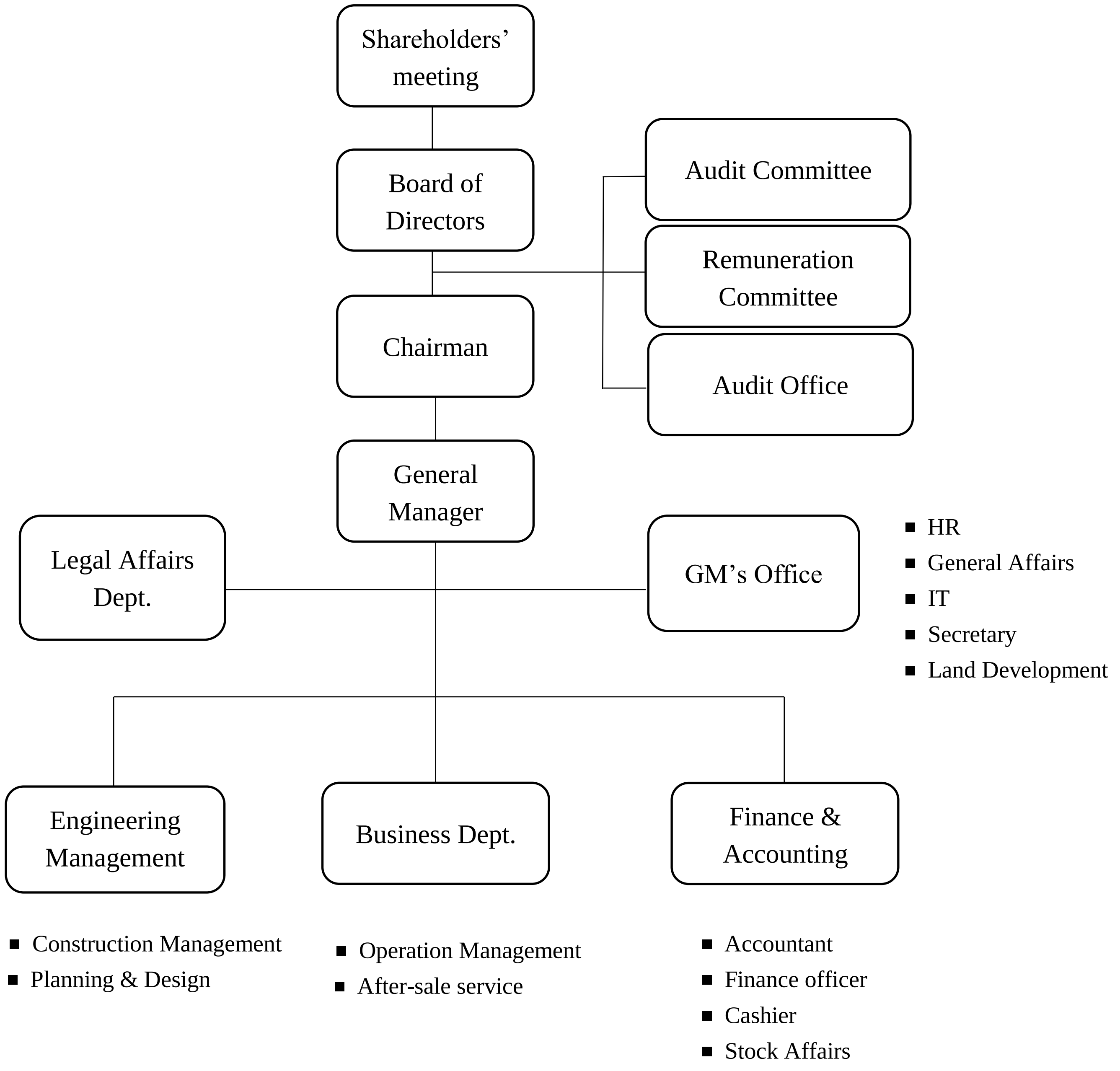
(2) Large amount of equity transfer for the director or shareholder with the shareholding more than 10% in the current year and as of the annual report publication date:

There is no large amount of equity transfer for the director or shareholder with the shareholding more than 10% in the current year.

【Corporate Governance Report】

1. Organizational System

(1) Organizational Chart



(2) Department functions

1. GM’s Office:

   It is in charge of the HR development and management, the selection and employment of all talents, planning and execution of education and training, stipulation and implementation of welfare items, procurement and management of various assets, investigation, analysis, evaluation and development of land resources.

2. Finance & Accounting Dept.:

   It is in charge of the financial affairs, tax affairs, accounting, budgeting, cashier's accounting, fund raising and allocation, communication with the banks, various investment, preparation for shareholders’ meeting and stock affairs.

3. Business Dept.:

   It should maximize the sales in an innovative way based on the release of various products, with the best service and efficiency. Moreover, it has developed the “Customer Service System” for the purpose of controlling each Operation Procedures from contract signing, engineering period to house delivery. Moreover, it also compiles the “Housing Tips” for the individual case, and prints the “Living Handbooks for Residents” to implement the customer’s engineering change affairs and provide after-sale service for customer, so as to achieve customer satisfaction.

4. Engineering Management Dept.:

   It conducts the pre-planning and analysis for each individual case, so as to plan perfect architecture based on the local characteristics and market demands. It focuses on inspection of engineering quality, progress control, cost analysis, purchasing contracting, and architecture acceptance inspection. Moreover, it has established the “Professional Management Plan for Construction” to intensify the strict audit control.

5. Audit Office:

   It assists in the design and integration of the Company's internal control system, performs audit operation based on the annual report, prepares the audit report and follows up the improvement of the deficiency and abnormality items found during the internal control.

Moreover, it supervises and double-checks the self-inspection operation performed by each department as required by the internal control, regularly presents audit reports and explains implementation results to the board of directors and the independent directors.

6. Legal Affairs Dept.:

It provides legal consultations for various departments, drafts various agreements, finishes litigation documents and reviews the contracts. Moreover, it works with the Company's lawyer and legal consultant to deal with the legal cases for the Company.

2. Information on the Directors, General Manager, Deputy General Manager, Department Heads and Branch Officers

(1) Information on the Directors

April 7, 2019 Unit: Share

Title (Note 1)	Nationality/ Place of Incorporation	Name	Gender	Date Elected (Employed)	Term	Initial Elected Date (Note 2)	Holding at Election		Present Holding		Current Shares of Spouse and Minors		Holding Shares in Other Names		Education & Experience (Note 3)	Concurrent Positions at Other Companies	Managers, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C.	Lee, Chin-Yi	Male	2017.05.31	3 years	2006.06.15	257	--	257	--	20	--	--	--	Education: Graduate from Architecture Department, Chinese Culture University Experience: General Manager of Delpha Construction Co., Ltd	Chairman of Delpha Construction Co., Ltd General Manager of Huachien Development Co., Ltd.	None		
Director	R.O.C.	Lin ,Wen-Liang	Male	2017.05.31	3 years	1980.10.08	7,173,941	2.65%	7,073,941	2.61%	2,408,551	0.89%	--	--	Education: Master of New Mexico State University Experience: Chairman of Delpha Construction Co., Ltd	Chairman of Huachien Development Co., Ltd. Chairman of Dahyoung Real Estate Development Co..Ltd	Director	Lin , Po-Fong	Brother
Director	R.O.C.	Lin ,Po-Fong	Male	2017.05.31	3 years	1999.04.20	11,875,008	4.39%	11,245,008	4.15%	--	--	--	--	Education: Graduate from New Mexico State University Experience: Chairman of SAN RONG Construction Co., Ltd	None	Director	Lin , Wen-Liang	Brother
Representative of Director	R.O.C.	Rongzhi Investment Co., Ltd.	Male	2017.05.31	3 years	2017.05.31	8,183,499	3.02%	10,132,499	3.74%	--	--	--	--	Education: Department of Electrical Engineering, New Taipei Municipal Hsinchuang Senior High School Experience: Chairman of Rongzhi Investment Co., Ltd.	Person in charge of Chernan Technology Co., Ltd.	None		
		Representative: LIN, Chao-Jung					2,168,581	0.80%	1,185,581	0.44%	1,971	--	--	--					

Independent director	R.O.C.	Tseng, Ping-Joung	Male	2017.05.31	3 years	2017.05.31	0	--	0	--	0	--	--	--	Education: Master from Management Institute of National Taiwan University of Science and Technology Experience: General Manager of Radium Kagaya International Hotel	--	None		
Independent director	R.O.C.	Jhan, Zong-Ren	Male	2017.05.31	3 years	2017.05.31	0	--	0	--	0	--	--	--	Education: Finance Group, Department of Law, Chinese Culture University Experience: Manager of Legal Department, BaiYi Construction Group	Person in charge of DING JIAN International Co., Ltd.	None		
Independent director	R.O.C.	Chang, Chang-Ter	Male	2017.05.31	3 years	2017.05.31	0	--	0	--	0	--	--	--	Education: Graduate from National Tainan Industrial High School Experience: Chairman of DE HAN Construction Co., Ltd.	Chairman of Shanghai Apollo Building Co.	None		

Note 1: As for the institutional shareholders, it should list the name of shareholder and its representative (For the representative of institutional shareholder, it should list the name of institutional shareholder as well), and fill out Table 1 as below.
Note 2: It should fill out the first time when he was appointed as the director or supervisor of the Company. In case of interruption, it should add remarks.
Note 3: It refers to the experience related to the current position. If he worked in the accounting firm or its related party during the last disclosure period, it should specify his title and the responsibilities.

1. Major shareholders of institutional shareholders

Major shareholders of Rongzhi Investment Co., Ltd., and the shareholding

Name	Shareholding
LIN, Chao-Jung	10%
LIN,Yan-Jhih	40%
LIN, Yi Jun	25%
LIN,Zi Ju	25%

Note 1: If the director or supervisor is the representative of institutional shareholder, it should specify the name of the institutional shareholder.

Note 2: It should specify the major shareholders(with the top 10 shareholdings) of the institutional shareholder and the shareholding rate. If the major shareholder is a corporation, it should fill out Table 2 as below.

2. Major Shareholders of the corporations listed as major shareholders: None.

Note 1: If the major shareholder listed in Table 1 is a corporation, it should specify the name of that corporation.

Note 2: It should specify the major shareholders (with the top 10 shareholdings) of the corporation and the shareholding rate.

3. The Directors Have Working Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company, and Meet the Criteria as Below:

April 7, 2019

Criteria / Name (Note 1)	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Working Experience			Independence Attribute (Note 2)										Number of Holding Concurrent Independent Director Position in Other Public Companies
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a NationalExamination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Working Experience in the Area of Commerce, Law, Finance, Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
LEE, Chin-Yi			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
LIN ,Wen-Liang			✓	✓				✓	✓	✓		✓	✓	0
LIN ,Po-Fong			✓	✓				✓	✓	✓		✓	✓	0
LIN, Chao-Jung (Rongzhi Investment)			✓	✓	✓	✓	✓		✓	✓	✓	✓		0
Tseng, Ping-Joung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Jhan, Zong-Ren			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chang, Chang-Ter			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: The fields are adjusted based on the actual number.

Note 2: Directors and supervisors, during the two years before being elected and during the term of office, meet any of the following situations, please tick the corresponding boxes:

(1) Not an employee of the Company or any of its affiliates;

(2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary;)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders;

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding three subparagraphs;

(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks as of its top five shareholders;

(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified Company or institution that has a financial or business relationship with the company;

(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, provided that this restriction does not apply to any member of the compensation committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx";

(8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company;

(9) Not been a person of any conditions defined in Article 30 of the Company Law; and

(10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(2) Information on the General Manager, Deputy General Manager, Department Heads and Branch Officers

April 7, 2019 Unit: Share

Title	Nationality	Name	Gender	Date elected (employed)	Shareholding		Current Shares of Spouse and Minors		Holding Shares in Other Names		Experience(Education)	Concurrent Positions at Other Companies	Managers who are spouses or within two degrees of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manager	R.O.C.	Zhi-Cheng ,Chen	Male	2016.03.14	7,558	--	11,242	--	--	--	Education: MBA of National Taipei University Experience: VP of GM's Office under Delpha Construction Co., Ltd.	Director of Huachien Development Co., Ltd.	—	—	—
VP of Finance & Accounting Dept. (Financial Manager)	R.O.C.	Cheng Hsiung,Yeh	Male	2008.10.01	726	--	4,121	--	--	--	Education: Graduate from Accounting Dept. of Fu Jen Catholic University Experience: Financial Manager of ZENY Corp.	None	—	—	—
VP of Business Dept. & Engineering Management Dept.	R.O.C.	Jun-Xian, Lee	Male	2016.08.09	3,136	--	--	--	--	--	Education: Graduate from Department of Land Economics, National Chung Hsing University Experience: Associate VP of HUYI Construction Co., Ltd	None	—	—	—
Section Chief of Finance & Accounting Dept. (Accounting Manager)	R.O.C.	Sing-Suei, Wu	Female	2007.03.15	194	--	--	--	--	--	Education: Graduate from Accounting Dept. of Ming Chuan University Experience: Chief Accountant of Delpha Construction Co., Ltd	None	—	—	—

Note 1: It shall include the information of the General Manager, Deputy General Manager, Associates, Department Heads and Branch Officers, as well as those on the equivalent posits regardless of the titles, which shall be all disclosed.

Note 2: It refers to the experience related to the current position. If he worked in the accounting firm or its related party during the last disclosure period, it should specify his title and the responsibilities.

3. Remuneration Paid to Directors (Including the Independent Directors), General Manager and Deputy General Manager during the Most Recent Year

(1) Remuneration Paid to Directors(Including the Independent Directors) (Name and Remuneration of Individual Ones Disclosed):

Unit: NT1,000

Title	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)		Relevant Remuneration Received by Directors Who Are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (Note 10)		Compensation Paid to Directors by Nonconsolidated Affiliates
		Base Compensation(A) (Note 2)		Severance Pay (B)		Directors Compensation(C) (Note 3)		Allowance (D)(Note 4)				Salary, Bonuses and Allowance (E) (Note 5)		Severance Pay(F)		Employee Compensation(G) (Note 6)						
		The company	Consolidated Entities (Note 7)	The company	Consolidated Entities (Note 7)	The company	Consolidated Entities (Note 7)	The company	Consolidated Entities (Note 7)	The company	Consolidated Entities (Note 7)	The company	Consolidated Entities (Note 7)	The company	Consolidated Entities (Note 7)	The company				The company	Consolidated Entities (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Lee, Chin-Yi	7,231	7,231	-	-	863	863	695	1,415	32.71%	35.39%	-	-	-	-	-	-	-	-	32.71%	35.39%	無
Director	Lin ,Wen-Liang																					
Director	LIN ,Po-Fong																					
Representative of Director	Rongzhi Investment LIN, hao-Jung																					
Independent director	Jhan, Zong-Ren																					
Independent director	Tseng,Ping-Joung																					
Independent director	Chang,Chang-Ter																					

* The after-tax net profit of individual company in 2018 was NT$26,874 (NT.1,000)

Range of Remuneration:

Range of Remuneration Paid to the Directors of the Company	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company (Note 8)	All companies in the consolidated financial statements(Note 9) H	The company (Note 8)	All companies in the consolidated financial statements(Note 9) I
Under NT$ 2,000,000	LIN ,Po-Fong, Rongzhi Investment, Jhan, Zong-Ren Tseng, Ping-Joung, Chang, Chang-Ter	LIN ,Po-Fong, Rongzhi Investment, Jhan, Zong-Ren Tseng, Ping-Joung, Chang, Chang-Ter	LIN ,Po-Fong, Rongzhi Investment, Jhan, Zong-Ren Tseng, Ping-Joung, Chang, Chang-Ter	LIN ,Po-Fong, Rongzhi Investment, Jhan, Zong-Ren Tseng, Ping-Joung, Chang, Chang-Ter

NT$2,000,000 (included)～ NT$5,000,000(excluded)	Lee, Chin-Yi、Lin ,Wen-Liang	Lee, Chin-Yi、Lin ,Wen-Liang	Lee, Chin-Yi、Lin ,Wen-Liang	Lee, Chin-Yi、Lin ,Wen-Liang
NT$5,000,000(included)～NT$10,000,000(excluded)				
NT$10,000,000(included)～NT$15,000,000(excluded)				
NT$15,000,000(included)～NT$30,000,000(excluded)				
NT$30,000,000(included)～NT$50,000,000(excluded)				
NT$50,000,000(included～NT$100,000,000(excluded)				
Over NT$100,000,000				
Total	7	7	7	7

Note 1: The names of directors should be listed respectively (For the institutional shareholder, it should list its name and representative respectively). The total amount paid in each item should be disclosed. If the director concurrently holds the position of general manager or deputy general manager, it should fill out this table and the table below (3-1) or (3-2).
Note 2: It refers to the compensation of directors in the most recent year (including the salary, pay rise, severance allowance, various bonuses and dividends).
Note 3: It refers to the amount of remuneration distributed to the directors upon the resolution of the board meeting in the most recent year.
Note 4: It refers to the allowance related to business of the directors in the most recent year (including the transportation expense, special subsidiary, various allowances, dormitory, vehicle, and other materialistic provisions). If the director is provided with house, automobile or other vehicle or exclusive expenditures, it should disclose the nature and cost of the capital, rental paid actually or estimated based on the fair price in the market, fuel expense or other payments. If a driver is assigned, it should also specify the salary paid by the Company, which should be excluded from the remuneration.
Note 5: It refers to the amount received by the directors by holding the concurrent position in the most recent year(including general manager, deputy general manager, other managerial officer or employee), which includes the salary, pay rise, severance allowance, various bonuses and dividends, as well as transportation expense, special subsidiary, various allowances, dormitory, vehicle, and other materialistic provisions. If the director is provided with house, automobile or other vehicle or exclusive expenditures, it should disclose the nature and cost of the capital, rental paid actually or estimated based on the fair price in the market, fuel expense or other payments. If a driver is assigned, it should also specify the salary paid by the Company, which should be excluded from the remuneration. In addition, the remuneration expense recognized based on IFRS 2[Stock-based Payment], including the stock option certificate, the restricted new shares and the shares subscribed through capital increase by cash, should be included in the remuneration.
Note 6: It refers to the amount (including cash and stock) received by the directors by holding the concurrent position in the most recent year(including general manager, deputy general manager, other managerial officer or employee). It should disclose the amount distributed to the employees upon the resolution of the board meeting in the most recent year. If it can’t be estimated, it should calculate the amount to be distributed based on the amount and percent actually distributed in the last year, and fill out the Table 1-3 in the Appendix.
Note 7: It should disclose the total amount of various compensations paid to the directors by all companies in the consolidated financial statement (including the Company).
Note 8: For the total amount of various remunerations paid to each director by the Company, it should disclose the director name under that range.
Note 9: It should disclose the total amount of various remunerations paid to each director by all companies in the consolidated financial statements (including the Company), and disclose the director name under that range.
Note 10: The after-tax net profit refers to the amount of net profit after tax in the most recent year. For those that adopt IFRS, the after-tax net profit refers to the amount listed in the individual financial statement in the most recent year.
Note 11: a. The field should list the amount received by the director from any re-invested company other than the subsidiaries.
b. If the director of the Company has received the payment from the re-invested company other than the subsidiaries, it should include the said payment in Column I in the table of remuneration range. Moreover, the column name should be changed into “All Re-investment Companies”.
c. The remuneration refers to the compensations, remunerations (including the remuneration paid to the employees, directors and supervisors), and the allowances received by the director of the Company by serving as the director, supervisor or managerial officer of the re-invested company other than the subsidiaries.

＊The remuneration disclosed in this table is different from the concept of income defined in the Income Tax Act. Thus, this table is for information disclosure only, which can’t be used for tax collection.

Remuneration Paid to Directors (Including the Independent Directors), Supervisors, General Manager and Deputy General Manager

Under any of the following circumstances, it should disclose the name of each individual director and the corresponding remuneration amount, or opt to disclose aggregate remuneration information, with the name(s) indicated for each remuneration range, or to disclose the name of each individual and the corresponding remuneration amount (If the individual director is disclosed, please fill in the title, name and amount without listing the remuneration range):

(1) A company that has posted after-tax deficits in the financial reports for the recent two fiscal years, shall disclose the name and remuneration paid to individual directors and supervisors. However it doesn't apply if there is any profit after-tax in the financial report of the most recent year that is sufficient to make up the accumulated loss. If the IFRS is adopted, and it is in after-tax deficit in the individual financial report, it should respectively disclose the name and remuneration of the directors and supervisors. However, it doesn't apply if there is any profit after-tax in the individual financial report of the most recent year that is sufficient to make up the accumulated loss[Note 1].
(2) A company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors; one that has had an insufficient supervisor shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual supervisors[Note 2].
(3) A company that has had an average ratio of share pledging by directors or supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of 50 percent for each such month[Note 3].
(4) If the remuneration received by all directors and supervisors exceeds 2% of the after-tax net profit of the remuneration paid for the directors and supervisors of all companies in the financial statement, and the amount of remuneration paid for individual director or supervisor exceeds NT$15 million, it should disclose the remuneration of individual directors or supervisors.

[Note 1] For example: When preparing the 2014 Annual Report during the 2015 shareholders’ meeting, it should disclose the information of individual ones if the Company was in after-tax loss as specified in 2013/2014 Individual Financial

Statement. However, disclosure of individual directors may not be adopted if the after-tax net profit specified in 2014 Individual Financial Statement was sufficient to make up the accumulated loss even if it was in after-tax loss as specified in 2013 Individual Financial Statement.

[Note 2] For example: When preparing the 2009 Annual Report during the 2010 shareholders' meeting, it should disclose the information of individual ones if the Company has had an insufficient director/supervisor shareholding percentage for 3 consecutive months or longer during January, 2009~December, 2009. In addition, it should disclose the information of individual ones if the Company has had an insufficient director/supervisor shareholding percentage for 3 consecutive months or longer in January, 2009 (namely, November and December, 2008 and January, 2009).

[Note 3] For example: When preparing the 2009 Annual Report during the 2010 shareholders' meeting, it should disclose the remuneration paid to each individual director having a ratio of pledged shares in excess of 50 percent for each of the three month if the company has had an average ratio of share pledging by directors in excess of 50 percent in February, May and August, 2009. In addition, it should disclose remuneration paid to each individual supervisor having a ratio of pledged shares in excess of 50 percent for each of the three month if the company has had an average ratio of share pledging by supervisors in excess of 50 percent in three months.

※ Monthly pledge ratio of all directors: Shares pledged by all directors/shares held by all directors (including the No. of shares under trust with discretion reserved); Monthly pledge ratio of all supervisors: Shares pledged by all supervisors/shares held by all supervisors (including the No. of shares under trust with discretion reserved).

(2) Remuneration paid to the General Manager and the Deputy General Manager Name and Remuneration of Individual Ones Disclosed

Unit: NT$1,000

Title	Name	Base Remuneration (A) (Note 2)		Severance Pay (B)		Bonus and Allowance(C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)(Note 8)		Compensation paid to General Manager and Deputy General Manager from an reinvested company other than the subsidiary (Note 9)
		The Company	All companies in the consolidated financial statement (Note 5)	The Company	All companies in the consolidated financial statement (Note 5)	The Company	All companies in the consolidated financial statement (Note 5)	The Company		All companies in the consolidated financial statement (Note 5)		The Company	All companies in the consolidated financial statement (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Zhi-Cheng,Chen	7,196	7,196	-	-	215	335	180	-	180	-	28.25%	28.69%	無
VP of Finance & Accounting Dept. (Financial Manager)	Cheng Hsiung,Yeh													
VP of Business Dept. & Engineering Management Dept.	Jun-Xian,Lee													

* The after-tax net profit of individual company in 2018 was NT$26,874,000.

Range of Remuneration:

Range of Remuneration Paid to the Deputy General Manager of the Company	Name of Deputy General Manager			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company (Note 8)	All companies in the consolidated financial statements(Note 9) H	The company (Note 8)	All companies in the consolidated financial statements(Note 9) I
Under NT$ 2,000,000				
NT$2,000,000 (included) ~ NT$5,000,000(excluded)	Zhi-Cheng,Chen、Cheng Hsiung,Yeh、Jun-Xian,Lee	Zhi-Cheng,Chen、Cheng Hsiung,Yeh、Jun-Xian,Lee	Zhi-Cheng,Chen、Cheng Hsiung,Yeh、Jun-Xian,Lee	Zhi-Cheng,Chen、Cheng Hsiung,Yeh、Jun-Xian,Lee
NT$5,000,000(included) ~ NT$10,000,000(excluded)				
NT$10,000,000(included) ~ NT$15,000,000(excluded)				
NT$15,000,000(included) ~ NT$30,000,000(excluded)				
NT$30,000,000(included) ~ NT$50,000,000(excluded)				
NT$50,000,000(included ~ NT$100,000,000(excluded)				
Over NT$100,000,000				
Total	3	3	3	3

Note 1: The names of general managers and deputy general managers should be listed respectively. The total amount paid in each item should be disclosed. If the director concurrently holds the position of general manager or deputy general manager, it should fill out this table and the table above (1-1) or (1-2).

Note 2: It refers to the salary, pay rise, and severance allowance of general manager and deputy general manager in the most recent year.

Note 3: It refers to the various bonuses and dividends, as well as transportation expense, special subsidiary, various allowances, dormitory, vehicle, other materialistic provisions, and other compensations received by the general manager and deputy general manager in the most recent year. If he is provided with house, automobile or other vehicle or exclusive expenditures, it should disclose the nature and cost of the capital, rental paid actually or estimated based on the fair price in the market, fuel expense or other payments. If a driver is assigned, it should also specify the salary paid by the Company, which should be excluded from the remuneration. In addition, the remuneration expense recognized based on IFRS 2[Stock-based Payment], including the stock option certificate, the restricted new shares and the shares subscribed through capital increase by cash, should be included in the remuneration.

Note 4: It refers to the amount (including cash and stock) distributed to the employees received by the general manager and the deputy general manager upon the resolution of the board meeting in the most recent year. If it can't be estimated, it should calculate the amount to be distributed based on the amount and percent actually distributed in the last year, and fill out the Table 1-3 in the Appendix. The after-tax net profit refers to the amount of net profit after tax in the most recent year. For those that adopt IFRS, the after-tax net profit refers to the amount listed in the individual financial statement in the most recent year.

Note 5: It should disclose the total amount of various compensations paid to the general manager and the deputy general manager by all companies in the consolidated financial statement (including the Company).

Note 6: For the total amount of various remunerations paid to each general manager and deputy general manager by the Company, it should disclose the name of general manager and deputy general manager under that range.

Note 7: It should disclose the total amount of various remunerations paid to each general manager and deputy general manager by all companies in the consolidated financial statements (including the Company), and disclose the name of general manager and deputy general manager under that range.

Note 8: The after-tax net profit refers to the amount of net profit after tax in the most recent year. For those that adopt IFRS, the after-tax net profit refers to the amount listed in the individual financial statement in the most recent year.

Note 9: a. The field should list the amount received by the general manager and deputy general manager from any re-invested company other than the subsidiaries.

b. If the general manager and deputy general manager of the Company has received the payment from the re-invested company other than the subsidiaries, it should include the said payment in Column E in the table of remuneration range. Moreover, the column name should be changed into "All Re-investment Companies".

c. The remuneration refers to the compensations, remunerations (including the remuneration paid to the employees, directors and supervisors), and the allowances received by the general manager and deputy general manager of the

Company by serving as the director, supervisor or managerial officer of the re-invested company other than the subsidiaries.

*The remuneration disclosed in this table is different from the concept of income defined in the Income Tax Act. Thus, this table is for information disclosure only, which can't be used for tax collection.

(3) Name of Managerial officers Distributed with Employee Dividend and Distribution Situation:

Unit: NT$1,000; March 13, 2019

	Title (Note 1)	Name (Note 1)	Amount of stock dividend	Amount of cash dividend	Total	Percent of sum in the after-tax net profit (%)
Managerial Officers	General Manager	Zhi-Cheng,Chen	—	215	215	0.8%
	VP of Finance & Accounting Dept. (Financial Manager)	Cheng Hsiung,Yeh				
	VP of Business Dept. & Engineering Management Dept.	Jun-Xian,Lee				
	Section Chief of Finance & Accounting Dept. (Accounting Manager)	Sing-Suei,Wu				

Note 1: It should disclose names and title of individuals, but it may disclose the profit distribution situation in summary.

Note 2: It refers to the amount (including cash and stock) distributed to the employees received by the managerial officers upon the resolution of the board meeting in the most recent year. If it can't be estimated, it should calculate the amount to be distributed based on the amount and percent actually distributed in the last year. The after-tax net profit refers to the amount of net profit after tax in the most recent year. For those that adopt IFRS, the after-tax net profit refers to the amount listed in the individual financial statement in the most recent year.

Note 3: If application scope of the managerial officers, according to the official document Tai Zheng III No. 0920001301 released by the Association on March 27, 2003, includes the following:

(1) General Manager and the equivalents.

(2) Vice general manager and the equivalents.

(3) Associates and the equivalents.

(4) Manager of Finance Dept.

(5) Manager of Accounting Dept.

(6)Others authorized to manager the affairs of the Company and sign on behalf of the Company

Note 4: If the remuneration distributed to the employees is received by the directors, general manager and deputy general manager (including stock and cash), it should fill in this table in addition to the Table 1-2 in the appendix.

(4) Analysis of the proportion of the total remuneration of directors, supervisors, general managers, and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to the net profit after tax in individual financial statements of the recent two years. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Analysis of the proportion of the total remuneration paid to directors, supervisors, general manager and deputy general managers of the Company to the net profit after tax of the individual financial statement of the recent two years:

Year	2018				2017			
	Individual		Consolidated		Individual		Consolidated	
	Total amount(NT$1,000)	Percent (%) in the net profit after tax	Total amount(NT$1,000)	Percent (%) in the net profit after tax	Total amount(NT$1,000)	Percent (%) in the net profit after tax	Total amount(NT$1,000)	Percent (%) in the net profit after tax
Directors (including independent directors)	8,789	32.70%	9,509	35.38%	9,460	-8.28%	10,780	-9.44%
Supervisors	-	-	-	-	80	-0.07%	80	-0.07%
General Manager and Deputy General Manager	7,591	28.25%	7,711	28.69%	7,571	-6.63%	8,591	-7.52%

* The Audit Committee of the Company was set up on May 31, 2017, so the information of supervisors wan N/A in 2018.

2. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance:

(1) Remuneration policies, standards and packages

The remunerations for director Lee, Chin-Yi who is responsible for implementing the businesses of the Company and is appointed as the Chairmen, and director Lin ,Wen-Liang who is responsible for implementing the businesses of the Company, serves as the joint liability guarantor for the bank loans required for operation, and is appointed as the executive director, are paid on a monthly basis based on the industrial level.

The remunerations for directors can be divided into the base remuneration, and bonus and allowance distributed based on the profit. The former is distributed based on the amount specified in the Articles of Association and upon the resolution of the board meeting. The later includes the attendance fee and the transportation allowance paid for the directors attending the board meeting on a monthly basis.

The remunerations for the independent directors are paid on a monthly basis based on the industrial level. The bonus and allowance includes the attendance fee and the transportation allowance paid for the independent directors attending the board meeting, audit committee meeting and remuneration committee meeting on a monthly basis.

The remunerations for the general manager and the deputy general manager can be divided into base remuneration, severance pay, bonus and allowance, and employee compensation distributed based on profit. It is subject to the regulations related to remuneration, and submitted to the remuneration committee for review.

(2) Procedure for determining remuneration, and its linkage to operating performance

In accordance with Article 28 of the Articles of Association related to the remuneration for employees and directors: "If there is a surplus in the final accounts of the Company, it should set aside no less than 1.5% as the remuneration for the employees and no more than 2% of the above figure as the remuneration for the directors. However, if there is still an accumulated deficit, the Company should retain the amount to offset the loss in advance before setting aside the amount stated above. The distribution ratio of the remunerations for employees and directors as stated above, which may be distributed by cash or stock, should be approved by more than half of the attending directors during a board meeting that are attended by more than two thirds of the board meeting, which should be also presented in the shareholders' meeting.

The remuneration for directors should be reviewed by the remuneration committee, passed by the board and presented in the shareholders' meeting. The bonus and allowance includes the attendance fee and the transportation allowance paid for the directors attending the board meeting.

The remunerations for the general manager and the deputy general manager is subject to the "Employee Payment/Position Management Regulations" of the Company, which also refers to the industrial level in the market and follows the "Employee Dividend Distribution Regulations" and various bonuses for employees. It should be submitted to the remuneration committee for review.

In addition to the industrial level, the remunerations stated above should also consider the factors such as the operation status of the Company, the contribution for the Company and the future risks, which are taken as the foundation for remunerations.

3. Implementation of Corporate Governance

(1) The operations of the Board of Directors:

The Board of Directors 6 (A) meetings in the most recent year (2018). The attendance of the directors is as follows:

Title	Name(Note 1)	Attendance (Presence) in Person B	Attendance by Proxy	Attendance Presence) Rate (%) 【B/A】(Note 2)	Remarks
Director	Lee, Chin-Yi	6	0	100.00%	
Director	Lin ,Wen-Liang	4	2	66.67%	
Director	LIN ,Po-Fong	5	1	83.33%	
Director	Rongzhi Investment Representative: LIN, Chao-Jung	5	1	83.33%	
Independent Director	Jhan, Zong-Ren	5	1	83.33%	
Independent Director	Tseng, Ping-Joung	6	0	100.00%	
Independent Director	Chang, Chang-Ter	6	0	100.00%	

Other Noticeable Particulars:

1. Should any of the following circumstances occur at the Board of Directors meeting, the date of the board meeting, term, proposal content, opinions of all independent directors and the Company's handling of such opinions, should be specified:

   (1) Matters specified in Article 14-3 of the Taiwan Securities and Exchange Act:

Date of board meeting	Proposal content	Opinions of all independent directors and the Company's handling of opinions
The 1st meeting in 2018 held on March 23, 2018	1. The amendments to the "Handbook for the Board Meeting", the "Regulations on Scope of Responsibilities of Independent Directors" and the "Audit Committee Charters".	Approved by all independent directors
	2. The amendments to the "Operation Procedures for the Processing of Material Information", the "Operation Procedures for Prevention of Insider Trading", the "Operation Procedures for Handling Stock Affairs", and the "Operation Procedures for Applying for Halt and Resumption of Dealings".	
	3. The amendments to the "Regulations Governing the Accounting Professional Judgment Procedure and Accounting Policies and Estimates" and the "Accounting System".	
	4. The 2018 public fee signed with Moore Stephens International CPA accounting firm was submitted to approval.	

	5. The Company's CPA independence assessment result in 2018 was submitted to approval.	
	6. 2017 Operation Reports and Financial Statements of the Company	
	7. 2017 loss make-up proposal of the Company	
	8. Date and reason for holding the 2018 general shareholders' meeting	
	9. The amendments to the "Rules Governing the Regulations and Systems", the "Enforcement Rules Governing the Regulations and System" and the "Internal Audit Operation Procedures".	
	10. 2017 Statement of Internal Control System of the Company	
	11. Biomass BOT Joint Investment Case of Taoyuan City	Independent director Jhan, Zong-Ren: Director LIN, Chao-Jung should provide the related investment analysis and evaluation data to the operation team of the Company for evaluation within 10-15 days. Independent director Tseng, Ping-Joung: Considering the current status of the Company, it must be carefully evaluated and it is unable to determine whether to make investment during this meeting. Independent director Chang, Chang-Ter: It is recommended to analyze the investment benefit and assess the feasibility based on the Company's financial situation. This investment case should be further evaluated for feasibility. It should convene an additional meeting to determine whether to make investment.
The 3rd meeting in 2018 held on June 26, 2018	1. The Company's Joint Construction Case on 14 Land Lots such as Lot No. 573-1 in the 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City	Independent director Jhan, Zong-Ren expresses opposition against this proposal. As stated in the proposal, the chairman is fully authorized to distribute 70% of the total value in this case, which is suggested to be adjusted within 65% for the related party. The rest two independent directors agree on this proposal. The Company announced major information after the board meeting as required. Notes:

		1. On February 22, 2019, it adjusted the proportion of related party as 67%, and made the announcement of changes on major information. 2. On April 19, 2019, the number of related parties of this case were changed from 8 to 7, and made the announcement of changes on major information as required.
The 6th meeting in 2018 held on December 24, 2018	1. The amendments to the "Securities Investment Operation Procedures".	Approved by all independent directors
	2. The amendments to the "Information Management Operation procedures".	
	3. The amendments to the "Rules Governing the Personal Information Protection" and the "Enforcement Rules Governing the Personal Information Protection".	
	4. The Company changed the CPA accounting firm as ShineWing Taiwan.	
	5. The criteria of three Chinese festival grants paying distributed for the directors and managerial officers who receive a monthly salary at fixed amount.	Independent director Jhan, Zong-Ren shows qualified opinion, and suggests decreasing the bonus for the Chairman and the executive director. The rest two independent directors agree on this proposal. The Company announced major information after the board meeting as required.
The 1st meeting in 2019 held on March 13, 2019	1. 2018 Operation Reports and Financial Statements of the Company	Independent director Jhan, Zong-Ren shows qualified opinion. The rest two independent directors agree on this proposal. The Company announced major information after the board meeting as required.
	2. 2018 profit distribution plan of the Company	Independent director Jhan, Zong-Ren shows qualified opinion. It is suggested increasing the cash dividend for 2018 from NT$0.1 to NT$0.5. The rest two independent directors agree on this proposal. The Company announced major information after the board meeting as required.
	3. Remuneration for directors and employees set aside from the 2018 annual profit of the Company.	Approved by all independent directors
	4. Amendments to the "Operation Procedures for the Acquisition or Disposal of Assets" of the Company.	
	5. Date and reason for holding the 2019 general shareholders' meeting	

	6. 2018 Statement of Internal Control System of the Company	
	7. Remuneration distribution means for directors and employees in 2018	Independent director Jhan, Zong-Ren expresses opposition against this proposal. The rest two independent directors agree on this proposal. Summary of speech made by independent director Jhan, Zong-Ren: 1. The remuneration for directors should be distributed equally, which can't be distributed to a single director. Moreover, the chairman of the board receives the monthly salary and three Chinese festival grants paying. Therefore, he expresses opposition against the remuneration distributed for directors as stated in item 1. The remuneration for managerial officers could be distributed as proposed. 2.It is suggested that the remuneration distributed for director may follow the original proposal, NT$103,598 per person, and the excessive part should be appropriated as the remuneration for employees. (The amount of 2% should not be distributed equally, so as to prevent the misunderstanding of single director for personal interests). The Company announced major information after the board meeting as required.

(2) Unless otherwise stated, other independent directors who expressed opposition or qualified opinions that were recorded or declared in writing:

1．

(1) Date of board meeting: August 9, 2018

(2) Name of independent director: Jhan, Zong-Ren

(3) Report content: The consolidated financial statement for Q2, 2018 is finished and audited by the CPA.

(4) Opinions of all independent directors: Independent director Jhan, Zong-Ren shows qualified opinion. The rest two independent directors agree on this proposal.

(5) The Company’s handling of opinions: Announcement of major information as required.

2．

(1) Date of board meeting: November 9, 2018

(2) Name of independent director: Jhan, Zong-Ren

(3) Report content: The consolidated financial statement for Q3, 2018 is finished and audited by the CPA.

(4) Opinions of all independent directors: Independent director Jhan, Zong-Ren shows qualified opinion. The rest two

independent directors agree on this proposal.

(5) The Company' s handling of opinions: Announcement of major information as required.

2. As for the execution situation that directors avoid the proposal for conflict of interest, items like director name, proposal content, reason for avoiding conflict of interest and participation in the voting process shall be detailed:

１.

(1) Date of board meeting: June 26, 2018

(2) Name of director: Lin ,Wen-Liang, LIN ,Po-Fong

(3) Proposal content: The Company's Joint Construction Case on 14 Land Lots such as Lot No. 573-1 in the 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City

(4) Reason for avoiding conflict of interest: Director Lin,Wen-Liang and director LIN ,Po-Fong are the parties discussed in this proposal.

(5) Participation in the voting process: A total of seven directors attend this meeting. Except for the 2 directors not entitled to participate in the voting, and 2 attending directors expressing opposition, the rest 3 attending directors approve this proposal, so this proposal is passed.

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(1) Date of board meeting: December 24, 2018

(2) Name of director: Lee, Chin-Yi、Lin ,Wen-Liang

(3) Proposal content: The criteria of three Chinese festival grants paying distributed for the directors and managerial officers who receive a monthly salary at fixed amount.

(4) Reason for avoiding conflict of interest: Director Lee, Chin-Yi and director Lin ,Wen-Liang are the parties discussed in this proposal.

(5) Participation in the voting process: A total of seven directors attend this meeting. Except for the 2 directors not entitled to participate in the voting, 1 attending director expressing opposition, and independent director Jhan, Zong-Ren expressing opposition in writing, the rest 3 attending directors approve this proposal, so this proposal is passed.

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(1) Date of board meeting: March 13, 2019

(2) Name of director: Lee, Chin-Yi

(3) Proposal content: Remuneration distribution means for directors and employees in 2018.

(4) Reason for avoiding conflict of interest: Director Lee, Chin-Yi is the party discussed in this proposal.

(5) Participation in the voting process: A total of seven directors attend this meeting. Except for the 1 director not entitled to participate in the voting, 2 attending director expressing opposition, the rest 4 attending directors approve this proposal, so this proposal is passed.

3. Strengthening the functions of the Board in the current and recent years (such as setting up the Audit Committee, promoting information transparency, etc.) and conducting performance assessment:

1. The Company purchased 2018 liability insurance for directors on December 2, 2018.
2. The Company set up the remuneration committee on December 20, 2011. It held two meetings in 2018 to review the remunerations for directors and employees, the criteria of dragon boat festival bonus distributed for directors and managerial officers, remunerations for directors (including independent directors) and managerial officers, allowance for attending the audit committee meeting, fixed amount of monthly salary received by directors and criteria of three Chinese festival grants paying, which was submitted to the board meeting for approval.
3. The Company set up the Audit Committee on May 31, 2017 to replace the rights of supervisors. It held 4 meetings in 2018 to strengthen the internal supervisor mechanism and assist the board in decision making.
4. The Company enhanced the initiatives of related laws and regulations for new directors. It held the board meeting on quarterly basis, and practiced the system of avoiding for conflict of interest among directors as required by the "Handbook for Board Meeting" and "Regulations Governing the Transactions with Related Parties", and also practiced the system of avoiding for conflict of interest among related parties.

Note 1: If the director or supervisor is a company, it should disclose the names of its shareholders and the name of its representative.

Note 2: (1) If any director/supervisor resigns before the end of the year, it shall specify the resignation date in the Remarks field. As for the attendance rate (%), it shall be calculated based on the board meetings held during his service period and the times that he attended such meeting in person.

(2) If any director/supervisor is re-elected before the end of the year, it shall specify both the old and the new director/supervisor, and add comments in the Remarks field to distinguish the old and new ones and the re-election date. As for the attendance rate (%), it shall be calculated based on the board meetings held during his service period and the times that he attended such meeting in person.

(2) 1. The operations of the Audit Committee:

A total of 4 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance ratio (%) (B/A)(Note)	Remarks
Independent director	Jhan, Zong-Ren	4	0	100.00%	
Independent director	Tseng, Ping-Joung	4	0	100.00%	
Independent director	Chang, Chang-Ter	4	0	100.00%	

Other Noticeable Particulars:

1. Should any of the following circumstances occur at the operations of Audit Committee, the date of the board meeting, term, proposal content, opinions of all independent directors and the Audit Committee's handling of such opinions, should be specified:
   (1) Matters specified in Article 14-5 of the Taiwan Securities and Exchange Act

Date of board meeting	Proposal content	Resolutions of the Audit Committee and the Company's handling of opinions
The 1st meeting in 2018 held on March 23, 2018	1. The amendments to the "Handbook for the Board Meeting", the "Regulations on Scope of Responsibilities of Independent Directors" and the "Audit Committee Charters".	Approved by all independent directors and reported to the board of directors.
	2.The amendments to the "Operation Procedures for the Processing of Material Information", the "Operation Procedures for Prevention of Insider Trading", the "Operation Procedures for Handling Stock Affairs", and the "Operation Procedures for Applying for Halt and Resumption of Dealings".	
	3.The amendments to the "Regulations Governing the Accounting Professional Judgment Procedure and Accounting Policies and Estimates" and the "Accounting System".	
	4. The 2018 public fee signed with Moore Stephens International CPA was submitted to approval.	
	5. 2017 Operation Reports and Financial Statements of the Company	
	6. 2017 loss make-up proposal of the Company	
	7. The "Rules Governing the Regulations and Systems", the Enforcement Rules Governing the Regulations and System" and the "Internal Audit Operation Procedures".	
	8. 2017 Statement of Internal Control System of the Company	
	9. Biomass BOT Joint Investment Case of Taoyuan City	This proposal was submitted by Rongzhi Company. Independent Director Jhan, Zong-Ren was nominated by Rongzhi Company. To keep the independence of independent directors, he avoided the discussion and voting. After the independent director Jhan, Zong-Ren avoided the voting due to the conflict of

		interest, the rest two independent directors Tseng, Ping-Joung and Chang, Chang-Ter considered the basic data was incomplete, so it couldn't be submitted for discussion, which should be submitted to the board of directors for resolution. The proposal was finally submitted to the board of directors for resolution.
The 3rd meeting in 2018 held on June 26, 2018	1. The Company's Joint Construction Case on 14 Land Lots such as Lot No. 573-1 in the 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City	Independent director Jhan, Zong-Ren expresses opposition against this proposal. As stated in the proposal, the chairman is fully authorized to distribute 70% of the total value in this case, which is suggested to be adjusted within 65% for the related party. The rest two independent directors agree on this proposal. The Company announced major information after the board meeting as required. Notes: 1. On February 22, 2019, it adjusted the proportion of related party as 67%, and made the announcement of changes on major information. 2. On April 19, 2019, the number of related parties of this case were changed from 8 to 7, and made the announcement of changes on major information as required.
The 4th meeting in 2018 held on August 09, 2018	1. The consolidated financial statement for Q2, 2018 is finished and audited by the CPA.	Independent director Jhan, Zong-Ren shows qualified opinion, The rest two independent directors agree on this proposal. It is reported to the board of directors. The Company announced major information after the audit committee meeting as required.
The 6th meeting in 2018 held on December 24,	1. The amendments to the "Securities Investment Operation Procedures". 2.The amendments to the "Information Management Operation Procedures".	Approved by all independent directors and reported to the board of directors.

2018	3. The amendments to the "Rules Governing the Personal Information Protection" and the "Enforcement Rules Governing the Personal Information Protection".	
	4. The Company changed the CPA accounting firm as ShineWing Taiwan.	
The 1st meeting in 2019 held on March 13, 2019	1. 2018 Operation Reports and Financial Statements of the Company	Independent director Jhan, Zong-Ren shows qualified opinion, The rest two independent directors agree on this proposal. It is reported to the board of directors. The Company announced major information after the audit committee meeting as required.
	2. 2018 profit distribution plan of the Company	
	3. Amendments to the "Operation Procedures for the Acquisition or Disposal of Assets" of the Company.	Approved by all independent directors and reported to the board of directors.
	4. 2018 Statement of Internal Control System of the Company	

(2) Except for the matters stated above, any resolution rejected by the Audit Committee but approved by more than two thirds of the directors:

None.

2. As for execution, in the event of independent directors' avoidance of the proposal due to conflict of interest, the name of the director, proposal content, reason for conflict of interest and participation in the voting process shall be specified:

(1) Date of board meeting: March 20, 2018

(2) Name of independent director: Jhan, Zong-Ren

(3) Proposal content: Biomass BOT Joint Investment Case of Taoyuan City

(4) Reason for avoiding conflict of interest: This proposal was submitted by Rongzhi Company. Independent Director Jhan, Zong-Ren was nominated by Rongzhi Company. To keep the independence of independent directors, he avoided the discussion and voting.

(5) Participation in the voting process: After the independent director Jhan, Zong-Ren avoided the voting due to the conflict of interest, the rest two independent directors Tseng, Ping-Joung and Chang, Chang-Ter considered the basic data was incomplete, so it couldn't be submitted for discussion, which should be submitted to the board of directors for resolution.

3. Communication between independent directors, Internal Chief Audit Executive and CPA (which should include materials, methods and results pertaining to corporate finance and business conditions):

(1) Communication between independent directors and Internal Chief Audit Executive:

1. According to the rights of the Audit Committee, the Internal Chief Audit Executive should submit the proposals related to internal audit to the audit committee meeting for review, and send the audit report and follow-up report to the independent directors for inspection.
2. The Internal Chief Audit Executive of the Company is in presence of the board meeting to report the implementation of internal audit operations and present the discussion proposals related to internal audit.

Date of board meeting	Proposal content	Opinion of independent directors
The 1st meeting in 2018 held on March 23, 2018	The 1st Internal Audit Report in 2018	Disclaimer of opinion
	1. The Amendments to the "Rules Governing the Regulations and Systems", the "Enforcement Rules Governing the Regulations and System" and the "Internal Audit Operation Procedures".	Approved
	2. 2017 Statement of Internal Control System of the Company	Approved
The 2nd meeting in 2018 held on June 14, 2018	The 2nd Internal Audit Report in 2018	Disclaimer of opinion
The 3rd meeting in 2018 held on	The 3rd Internal Audit Report in 2018	Disclaimer of opinion

June 26, 2018		
The 4th meeting in 2018 held on August 09, 2018	The 4th Internal Audit Report in 2018	Disclaimer of opinion
The 5th meeting in 2018 held on November 09, 2018	1. The 5th Internal Audit Report in 2018	Disclaimer of opinion
	2. Affairs related to 2019 Internal Audit Inspection Plan	Approved
The 6th meeting in 2018 held on December 24, 2018	The 6th Internal Audit Report in 2018	Disclaimer of opinion
The 1st meeting in 2019 held on March 13, 2019	The 1st Internal Audit Report in 2019	Disclaimer of opinion
Date of audit committee meeting	**Proposal content**	**Opinion of independent directors**
The 3rd session of the 1st term on March 20, 2018	Assessment of validity of the Company's internal control system in 2017	Approved
The 7rd session of the 1st term on March 12, 2019	Assessment of validity of the Company's internal control system in 2018	Approved

(2) Communication between independent directors and CPA:

The independent directors communicated with the CPA about the audit or inspection result of the financial statement of the Company or the requirements of applicable laws. Moreover, they reviewed the appointment of CPA and performed independence assessment about the audit and non-audit service provided.

Notes: *If any independent director resigns before the end of the year, it shall specify the resignation date in the Remarks field. As for the attendance rate (%), it shall be calculated based on the audit committee meetings held during his service period and the times that he attended such meeting in person.

*If any independent director is re-elected before the end of the year, it shall specify both the old and the new independent director, and add comments in the Remarks field to distinguish the old and new ones and the re-election date. As for the attendance rate (%), it shall be calculated based on the audit committee meetings held during his service period and the times that he attended such meeting in person.

(3) The operations of corporate governance, its discrepancy with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons:

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
I. Has the Company established and disclosed Corporate Governance Best Practice Principles in accordance with [Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies]?	V		The Company has formulated the "Corporate Governance Code", which is disclosed on the website of the Company.	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
II. Corporate equity structure and shareholders' equity (1) Has the Company established internal operating procedures to handle shareholder proposals, questions, disputes and litigation, and acted accordingly?	V		(1) The Company has established spokesperson and acting spokesperson system, and also entrusts professional stock transfer agency to handle the shareholder proposals and questions. Moreover, the investor's and stakeholder's window is set up on the	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
(2) Does the Company maintain a list of major shareholders and a final list of controlling shareholders? (3) Has the Company established and executed a risk control mechanism and firewall with its affiliates? (4) Has the Company established internal policies that prohibit corporate insiders from trading of securities using undisclosed information?	V V V		website of the Company. (2) The Company is capable of maintaining the list of major shareholders and the final list of controlling shareholders. (3) The Company complies with the relevant laws and regulations, and has established the Operation Procedures for the supervision and management of the subsidiaries and the management of the transaction with related parties. (4) The Company has established the "Operation Procedures for the Processing of Material Information", and the "Operation Procedures for Prevention of Insider Trading" to prohibit corporate insiders from trading of securities using undisclosed information.	
III. Structure and duties of the Board of Directors (1) Has the Company formulated and implemented a diversification policy in the composition of board members? (2) Apart from the Remuneration Committee and Audit Committee, has the Company voluntarily set up other functional committees? (3)Has the Company established standards to assess the Board's performance annually? (4) Does the Company regularly evaluate the CPA's independence?	 V	V V V	(1) So far the Company hasn't formulated any diversification policy. (2) The Company has set up the Remuneration Committee. Moreover, the Audit Committee was set up on May 31, 2017. So far the Company hasn't set up other functional committees. (3) The Company hasn't established standards to assess the Board's performance or the assessment method. It plans to finish self-assessment or peer assessment for directors as required by laws by the end of 2019. (4) The Company reviews the independence of the CPA annually. The independence evaluation for ShineWing CPA Chen, Kuang-Hui and CPA Yau, Yu Lin was passed during the board meeting held on December 24, 2018(Note2).	It will evaluate the demands to determine whether to formulate such policy. It will set up other functional committees based on the scale and demands of the Company. It is planned to be done in 2019. In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
IV. As a TWSE/TPEx-listed company, has the Company designated a special (concurrent) unit or personnel responsible for corporate governance and related affairs (including but not limited to		V	The amount of paid-in capital in the is below NT$ 10 billion, so it is not required to set up the corporate governance manager. As for the current situation of corporate governance, the VP of Finance &Accounting Division is in charge of supervision.The	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies; it will set up the corporate governance

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
providing data required by directors and supervisors for business implementation, dealing with matters relating to board meetings and shareholders' meetings, handling corporate registration and change in registration, preparing minutes of the board meetings and shareholders' meetings)?			governance team is composed of the secretary team from the GM's office and the Finance & Accounting Division. The business implementation of the businesses in the current year is as below: 1. Provide the data need by the directors when implementing business, and pay attention to the latest regulatory developments related to the operation of the Company to assist the directors in regulatory compliance. 2. Handle matters related to the Audit Committee, the Board of Directors and the Shareholders' Meeting, and assist the Company in regulatory compliance. 3. Prepare minutes of the audit committee meetings, board meetings and shareholders' meetings. 4. Handle the pre-registration before the date of the Shareholders' Meeting, make a meeting notice and handbook before the deadline, and handle the change registration after the amendment of the Articles of Association or the re-election of the directors. 5. Hold Investor Conference Briefing on December 31, 2018.	manager based on the manpower allocation.
V. Has the Company established communication channels with interested parties (including but not limited to shareholders, employees, customers, and suppliers), set up a special zone on the website for stakeholders, and responded to critical CSR issues that concern interested parties?	V		The Company has established the spokesperson and acting spokesperson system. Moreover, the investor's and stakeholder's window is set up on the website of the Company to respond to the issues concerned by the stakeholders properly.	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
VI. Has the Company appointed a professional transfer agent to handle affairs pertaining to the shareholders' meeting?	V		The Company entrusts the professional Transfer Agency Department of CTBC Bank to handle the stock affairs of the Company.	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
VII. Information Disclosure (1) Has the Company set up a website to disclose information regarding the Company's finance and corporate	V		(1) The Company has constructed www.delpha.com.tw to disclose the information related to finance and	In conformation to the regulations of Corporate Governance Best Practice

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
governance? (2)Does the Company have other information disclosure channels (e.g. creating an English website, appointing designated personnel to handle information collection and disclosure, developing a spokesman system, webcasting investor conferences)?	V		corporate governance. (2)The Company has appointed designated personnel to handle information collection and finish the reporting operation as required by the competent authority. Moreover, it has practiced the spokesman system as required.	Principles for Listed Companies
VIII. Does the Company have any other important information to facilitate better understanding of the Company's corporate governance practices (e.g. including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, implementation of risk measures, implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	V		(1) Rights, benefits and care for employees: The Company has set up a staff welfare committee, and set asides pensions under laws. Moreover, it purchases group insurance for employees, and conducts health check-ups regularly, so as to protect employee rights and get to know the employee's health status. (2) Investor's relations: The Company discloses the corporate information on the MOPS under laws, so as to provide transparent information for the investors in real time. Moreover, a spokesperson is set up to handle the advice made by the spokesperson. (3) Supplier's relations: The Company establishes long-term partnership with the suppliers, and keep good interaction. (4) Continuing education situation of directors : The Company provides the course information for directors randomly. The continuing education situation of directors is disclosed in the Annual Report and the MOPS. (5)Implementation of customer policies: The Company sets up a customer service line and Email to provide comprehensive after-sale service. (6)Purchase of liability insurance for directors : The Company purchases liability insurance for directors in accordance with the Articles of Association of the Company.	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
IX. Based on the latest Corporate Governance Assessment System result from the Corporate Governance Center of the TWSE, describe the improvements and propose priority measures to strengthen unimproved aspects. (not applicable to companies that				

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">were not subject to evaluation)
*Improvements: 1. It has appointed independent directors and set up the Audit Committee in 2017.
2. It has posted the English meeting notice and handbook in 2018.
* Priority measures to strengthen unimproved aspects: It will consider the cost and schedule to disclose the English Annual Report before proceeding.</td></tr>
</table>

Note 1: The Summary should be specified regardless of a Yes or No selection under the Implementation Status.

Note 2: Criteria to evaluate the CPA independence:

Item	Evaluation item (during the two years before being elected and during the term of office)	Evaluation result	Meet independence criteria
1	Not an employee of the Company or any of its affiliates;	No	Yes
2	Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary).	No	Yes
3	Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.	No	Yes
4	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding three subparagraphs.	No	Yes
5	Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks as of its top five shareholders.	No	Yes
6	Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified Company or institution that has a financial or business relationship with the company.	No	Yes
7	Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof.	No	Yes

(4) If a Remuneration Committee is set up, it should disclose the composition, responsibilities and operations:

1. Information on the members of Remuneration Committee

Identity (Note 1)	Criteria / Name	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Working Experience			Independence Attribute (Note 2)								Number of Holding Concurrent Position of Remuneration Committee Members in Other Public Companies	Remarks
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Working Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8		
Independent director	Tseng, Ping-Joung			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent director	Jhan, Zong-Ren			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent director	Chang, Chang-Ter			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: The Identity should be director, independent director or others.
Note 2: Members, during the two years before being elected and during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:
(1) Not an employee of the Company or any of its affiliates;
(2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary ;)
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders;
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding three subparagraphs;
(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks as of its top five shareholders;
(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified Company or institution that has a financial or business relationship with the company;
(7) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof; and
(8) Not been a person of any conditions defined in Article 30 of the Company Act;

2. Information on the Operations of Remuneration Committee

(1) The Remuneration Committee of the Company is composed of 3 persons.

(2) Tenure of the committee members: May 31, 2017 ~ May 30, 2020,
The Remuneration Committee held 2 meetings (A) in the most recent year. The qualification and attendance of the committee members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A) (Note)	Remarks
Convener	Tseng, Ping-Joung	2	0	100.00%	
Committee Member	Chang, Chang-Ter	2	0	100.00%	
Committee Member	Jhan, Zong-Ren	2	0	100.00%	

Power and duties of the Remuneration Committee:
The Company set up the Remuneration Committee in December, 2011. And the Committee should exercise the duty of care of a good faith manager to faithfully perform the following power and duties, and submit proposals to the Board meeting for discussion:

1. Establish and regularly review the policy, system, standards and structure of the salaries and remuneration for the Company's directors and managerial officers.
2. Evaluate on a regular basis the remuneration of the Company's directors and managerial officers.

The date of meeting, term, proposal content, resolution result in the most recent year, and the Company's handling of the opinion of the remuneration committee members:

Meeting date (term)	Proposal content	Opinion of all members and the Company's handling
The 2nd session of the 3rd term on March 20, 2018	Proposal of not distributing remuneration for directors and employees due to the net loss in 2017.	None
The 3rd session of the 3rd term on December 21, 2018	The criteria of three Chinese festival grants paying distributed for the directors and managerial officers who receive a monthly salary at fixed amount	Independent director Jhan, Zong-Ren suggests decreasing the bonus for the Chairman and the executive director. The rest two independent directors agree on this proposal. So the proposal is passed. The Company announced major information after the remuneration committee meeting as required.
The 4th session of the 3rd term on March 12, 2019	1. Proposal of setting aside remuneration for directors and employees from the profit in 2018	Approved by all members without objection, and reported to the Board of Directors for resolution
	2. Remuneration distribution means for directors and employees in 2018	Independent director Jhan, Zong-Ren expresses opposition against this proposal. The rest two independent directors agree on this proposal. So the proposal is passed and reported to the Board of Director dor resolution. Summary of speech made by independent director Jhan, Zong-Ren: 1. The remuneration for directors should be distributed equally, which can't be distributed to a single director. Moreover, the chairman of the board receives the monthly salary and three Chinese festival grants paying. Therefore, he expresses opposition against the remuneration distributed for directors as stated in item The remuneration for managerial officers could be distributed as proposed. 2. It is suggested that the remuneration distributed for director may follow the original proposal, NT$103,598 per person, and the excessive part should be appropriated as the remuneration for employees. (The amount of 2% should not be distributed equally, so as to prevent the misunderstanding of single director for personal interests). The Company announced major information after the board meeting as required.

Other Noticeable Particulars:

1. If the Board did not adopt or amend the recommendations of the Remuneration Committee, the date of the board meeting, term, proposal content, result of board resolution, and how the Company handled the proposal (If the remuneration

approved by the board is higher than the proposal of the Remuneration Committee, the difference and reason should be specified.) should be specified:

None

2. If members of the Remuneration Committee expressed opposition or qualified opinions that were recorded or declared in writing, the date of the remuneration committee meeting, term, proposal content, opinions of all members and the Company's handling of those opinions should be specified:

Meeting date (term)	Proposal content	Opinion of all members and the Company's handling
The 3rd session of the 3rd term on December 21, 2018	The criteria of three Chinese festival grants paying distributed for the directors and managerial officers who receive a monthly salary at fixed amount.	Independent director Jhan, Zong-Ren suggests decreasing the bonus for the Chairman and the executive director. The rest two independent directors agree on this proposal. So the proposal is passed. The Company announced major information after the remuneration committee meeting as required.
The 4th session of the 3rd term on March 12, 2019	Remuneration distribution means for directors and employees in 2018	Independent director Jhan, Zong-Ren expresses opposition against this proposal. The rest two independent directors agree on this proposal. So the proposal is passed and reported to the Board of Director dor resolution. Summary of speech made by independent director Jhan, Zong-Ren: 1. The remuneration for directors should be distributed equally, which can't be distributed to a single director. Moreover, the chairman of the board receives the monthly salary and three Chinese festival grants paying. Therefore, he expresses opposition against the remuneration distributed for directors as stated in item .The remuneration for managerial officers could be distributed as proposed. 2. It is suggested that the remuneration distributed for director may follow the original proposal, NT$103,598 per person, and the excessive part should be appropriated as the remuneration for employees. (The amount of 2% should not be distributed equally, so as to prevent the misunderstanding of single director for personal interests). The Company announced major information after the board meeting as required.

Notes: (1) If any member of the Remuneration Committee resigns before the end of the year, the resignation date should be specified in the Remarks field. The attendance rate (%) is calculated based on the number of remuneration committee meetings held during the period of service and the frequency of attendance in person.

(2) If any member of the Remuneration Committee is re-elected before the end of the year, both the old and new members should be specified, and comments should be indicated in the Remarks field to distinguish the old and new members and the re-election date. The attendance rate (%) is calculated based on the number of remuneration committee meetings held during the period of service and the frequency of attendance in person.

(5) Fulfillment of corporate social responsibility:

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
I. Corporate Governance Implementation (1)Has the Company established its corporate social responsibility (CSR) policy and assessed the results of its implementation? (2)Does the Company provide CSR education and training on a regular basis? (3) Does the Company have a special (concurrent) unit to promote CSR initiatives, supervised by a Board-appointed member of the management team, who reports to the Board?		V V V	(1) The Company hasn't yet established any corporate social responsibility (CSR) policy. However, the Company still follows the regulations of related laws and bylaws, and continuously pay attention to the CSR development. It will stipulate related policies based on the practical demands in the future. (2) The Company hasn't yet provided CSR education and training, but it continuously conducts CSR initiatives and instructions for employees. (3) So far the Company has no special (concurrent) unit to promote CSR.	It will consider to establish such policy upon requirements of laws or practical demands.
(4) Does the Company adopt a reasonable salary remuneration policy and integrated employee performance appraisal system with CSR policy, as well as establish an effective reward and disciplinary system?	V		(4) The Company has established the "Employee Payment/Position Management Regulations", and "Employee Dividend Distribution Method" and "Employee Reward/ Punishment Regulations", which is however integrated with CSR policy.	None
II. Sustainable Environment Development (1) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (2) Does the Company establish proper environmental management systems based on the characteristics of its businesses? (3)Does the Company monitor the impact of climate change on its operations and conduct GHG inspections, as well as establish strategies for energy conservation and carbon reduction?	V V V		(1)The Company implements resource recycling, waste classification, repeated use of paper. (2) The waste generated in each construction site is handled by a professional and qualified environmental protection company. Moreover, a supervision personnel is assigned in the construction site to supervise the management and maintenance of the environment of the contract during the construction period. (3) The Company practices power supply off during the off-duty hours, so as to achieve energy conservation and carbon reduction.	None

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
III. Protecting Public Welfare				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The Company has formulated appropriate management policies and procedures according to labor related laws and regulations, and the International Bill of Human Rights.	None None
(2) Has the Company set up a grievance mechanism for employees, and handled complaints appropriately?	V		(2) The Company has formulated the "Policies and Principles Implementing the Employee Advice Mailbox", which is implemented to achieve smooth communication between the employees and the Company, so as to protect the rights and benefits of the employees.	
(3) Does the Company create a safe and healthy working environment and provide safety and health education for employees regularly?	V		(3) The Company provides a safe and healthy workplace for the employees: (A) Door access security: The company has a door access monitoring system and signs contract with the security company. (B) Fire safety: The management committee checks the fire security randomly. (C) Drinking water safety: The Company regularly replaces the drinking water filter. (D) Safety in construction site: When accessing the construction site, it is required to put on helmet, and follow the construction site safety regulations. The construction project follows the labor safety and health laws and regulations promulgated by the government. (E) Physiological health: The Company regularly conducts health checkups for employees. (F) Insurance: The Company purchases group insurance for employees.	None
(4) Does the Company set up a communication channel with employees on a regular basis, and reasonably inform employees of any significant changes in operations that may have significant impact on them?	V		(4) The Company makes announcements through bulletin board and e-mail.	
(5) Does the Company provide employees with opportunities for career development and training?	V		(5) The Company encourages employees to participate in trainings and provide subsidy for such trainings in accordance with the "Regulations Governing the Employee Education and Training".	

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
(6) Does the Company establish any consumer protection mechanism and appeal procedures regarding research development, purchasing, production, operations, and service? (7) Does the Company advertise and label its products and services according to relevant regulations and international standards? (8) Does the Company evaluate the records of suppliers and their impact on the environment and society before accepting a business partnership? (9) Do contracts between the Company and its major suppliers include termination clauses which would come into force once the suppliers breach the CSR policy and cause significant impact on the environment and society?	V V	 V V	(6) The Company maintains a good communication channel with the customers and set up a customer service zone on the website. (7) The Company is engaged in construction industry, and the marketing of the construction projects is in compliance with relevant regulations. (8) The Company has not yet requested suppliers to provide relevant records. (9) The Company has not yet signed a contract with a major supplier including termination clauses once the suppliers breach the CSR policy and cause significant impact on the environment and society.	With the establishment of CSR policies in the future, it will request the suppliers to comply with the relevant CSR provisions.
IV. Enhanced Information Disclosure (1) Does the Company disclose relevant and reliable information regarding CSR on its website and the MOPS?		V	(1) The Company hasn't yet disclosed CSR information on its website and the MOPS.	With the establishment of CSR policies in the future, it will make disclosure in real time.
V. If the Company has established a CSR Code based on the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", describe any discrepancy between the Principles and their implementation: The Company hasn't yet established the "CSR Code".				

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td colspan="5">VI. Other better understanding of the Company's CSR operation important information to facins:</td></tr>
</table>

●Environmental protection work	The waste generated in each construction site is handled by a professional and qualified environmental protection company. Moreover, a supervision personnel is assigned in the construction site to supervise the management and maintenance of the environment of the contract during the construction period.
●Community participation	The founder of the company established the "Li Chunjin Foundation" on January 3, 1998. In December, 2018, it funded the 2018 scholarship for 19 freshmen in the doctor, master and bachelor's classes of Dharma Drum Institute of Liberal Arts. In the same year, it also funded the "Colorful, Institutional Life" program of Taipei City Senior Citizens Home, supported the disadvantaged families of Wanhua Social Welfare Center and Songshan Social Welfare Center under the Bureau of Social Affairs for daily necessities and nutrients on a monthly basis. Moreover, it also funded the Boreanew Youth Caring Association in the after-class tutoring and meals during activities of the youths. It also provided scholarship for the children of Taipei Orphan Welfare Foundation.
●Social contribution	The social donations are made by the Company sometimes; the "Li Chunjin Foundation" care for the poor and disadvantaged groups for a long time. In 2018, it helped a total of 341 cases, with a total of 47 referral institutions. It has long been taking care of the cold and vulnerable groups. 341 cases were assisted and 47 units were referred in 2018.
●Social services	The Li Chunjin Foundation established by the founder of the Company holds social welfare activities for a long time (such as Love Hair Cutting, sponsorship of various institutions, etc.).
●Social welfare	The Li Chunjin Foundation is engaged in various supports and cares for the disadvantaged groups with universal love, which has helped so many people in need of care.
●Consumer rights and benefits	All construction projects of the Company are presented to consumers with the best quality. Moreover, it sets up customer service lines to protect the rights and interests of customers.

VII. A clear statement would be made below if the products or CSR reports of the Company were verified by an external certification body: None.

Note 1: The Summary should be specified regardless of a Yes or No selection under the Implementation Status.

Note 2: If a CSR Report is compiled by the Company, inquiry and index page about the CSR Report should be specified under Summary.

(6) Implementation of business integrity:

Item	Implementation Status (Note 1)			Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
I. Establishment of business integrity policies and programs (1) Does the Company have bylaws and external documents that uphold its policy and business integrity, and are the Board and management team committed to implementing such policy?		V	(1)The Company hasn't yet formulated the [Codes of Ethical Conduct]. However, the Company conducts initiatives and insists on the "prohibition of unethical conduct" during the process when the employee of the Company is engaged in business conduct.	It will consider to establish such policy upon requirements of laws or practical demands.
(2)Has the Company established relevant programs which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, penalties and grievance channels?		V	(2)The Company hasn't yet established programs which are to prevent unethical conduct.	It will consider to establish such policy upon requirements of laws or practical demands.
(3)Does the Company establish appropriate compliance measures for business activities prescribed in Item 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or other activities which are at high risk of involvement in unethical conduct?	V		(3) It stipulates the regulations for undertaking the conflict of interest in the engineering contract operation under the "Regulations Governing the Purchase Subcontracting".	None
II. Ethical Management Practice (1) Does the company check whether the counterparty has any record of ethical misconduct and if the contract terms require compliance of ethical corporate management policy?	V		(1)When signing major contracts, the contractual parties are required to present the "Disclaimer for Conflict of Interest".	None
(2) Has the company set up a special (concurrent) unit under the direct supervision of the Board, to handle the implementation of the Company's ethical standards and report to the Board periodically?		V	(2) The company hasn't yet set up a special (concurrent) unit to promote the business integrity.	It will consider to establish such policy upon requirements of laws or practical demands.
(3) Has the Company established policies to prevent conflict of interest, provide appropriate reporting channels, and implement	V		(3) It requires avoiding for conflict of interest among directors as stipulated in the "Handbook for Board Meeting" and "Regulations Governing the Transactions	None

Item	Implementation Status (Note 1)			Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
policies properly?			with Related Parties". It regularly sends the "Ethics Statement" to the major suppliers regularly.	
(4) To implement relevant policies on ethical conduct, does the Company establish effective accounting and internal control systems that are audited by internal auditors or CPAs periodically?	V		(4)The accounting system and internal control system established by the Company implement the related regulations effectively. Moreover, the internal auditor performs inspection based on the annual audit plan.	None
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?		V	(5) The Company hasn't provided ethical conduct training programs.	It will consider to establish such policy upon requirements of laws or practical demands.
III. Complaint Procedures (1) Has the Company established specific grievance and reward management procedures, as well as accessible grievance channels, and designated responsible individuals to handle complaints?	V		(1) The Company has established the "Policies and Principles for Implementing Employee Advice Mailbox", which is implemented to achieve smooth communication between the employees and the Company. Moreover, the employee advice is handled by the General Manager in person.	None
(2) Has the Company established standard operating procedures for investigating complaints and ensuring that such complaints are handled in a confidential manner?		V	(2) The Company hasn't established standard operating procedures for handling complaints.	It will consider to establish such policy upon requirements of laws or practical demands.
(3) Does the Company adopt proper measures to protect a complainant from retaliation?	V		(3) It is committed to keep the profile of complainant confidential in the "Policies and Principles for Implementing Employee Advice Mailbox".	None
IV. Strengthening Information Disclosure (1) Does the Company disclose its Ethical Corporate Management Principles as well as information about implementation of such principles on its website and the MOPS?		V	The Company hasn't yet disclosed related information on its website and the MOPS.	It will consider to make disclosure based on the operation status and scale of the Company.
V. If the Company has established the Ethical Corporate Management Principles based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx List Companies, describe the difference between the principles and implementation: The Company hasn't formulated the Codes of Ethical Conduct.				
VI. Other important information to facilitate better understanding of the Company's implementation of business integrity (e.g., review and amendments to the Company's Ethical Code of Conduct) 1. The Company complies with the Company Act, the Securities and Exchange Act, and related regulations for listed companies				

Item	Implementation Status (Note 1)			Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
and other codes related to business conduct, which are taken as the foundation for implementing business integrity. 2. The Company regulates avoiding the conflict of interests for directors and stakeholders in the "Handbook for Board Meeting" and "Regulations Governing the Transactions with Related Parties". 3. The Company has established the "Operation Procedures for the Processing of Material Information", and the "Operation Procedures for Prevention of Insider Trading" to prevent improper disclosure of information.				

Note 1: The Summary should be specified regardless of a Yes or No selection under the Implementation Status.

(7) If the company develops a corporate governance code and relevant regulations, it should disclose its inquiry method:

Relevant regulations:

1. Handbook for Shareholders' Meeting
2. Handbook for Board Meeting
3. Director Election Regulations
4. Operation Procedures for the Acquisition or Disposal of Assets
5. Operation Procedures for Lending Capital to Others
6. Operation Procedures for Endorsements and Guarantees
7. Operation Procedures for Prevention of Insider Trading
8. Operation Procedures for the Processing of Material Information
9. Policies and Principles for Implementing Employee Advice Mailbox
10. Remuneration Committee Charters
11. CSR Code of Best Practice
12. Audit Committee Charters
13. Regulations on Scope of Responsibilities of Independent Directors

Inquiry method:

1~13 items can be inquired in the Company's website or the meeting handbook.

(8) The Company has established the "Operation Procedures for the Processing of Material Information", and the "Operation Procedures for Prevention of Insider Trading", and announced to all employees, managerial officers and directors:

1. The Company has implemented the "Operation Procedures for the Processing of Material Information" upon the approval during the board meeting on December 3, 2009. All directors attended that board meeting, during which the Operation Procedures were presented. Moreover, after the meeting, the Operation Procedures are sent to the departments and managerial officers to strengthen initiatives after the board meeting.

2. The Company has implemented the "Operation Procedures for Prevention of Insider Trading" upon the approval during the board meeting on March 24, 2014. All directors attended that board meeting, during which the Operation Procedures were presented. Moreover, after the meeting, the Operation Procedures are sent to the departments and managerial officers to strengthen initiatives after the board meeting.

(9) Other important information to facilitate better understanding of the Company's implementation of corporate governance may also be disclosed:

None.

(10) Implementation of internal control system:

1. Statement of Internal Control System:

Delpha Construction Co., Ltd.
Statement of Internal Control System

Date: March 15, 2019

Based on the findings of a self-assessment, Delpha Construction Co., Ltd. states the following with regard to its internal control system during the year 2018:

1. The Company's board of directors and managerial officers are responsible for establishing, implementing, and maintaining an adequate internal control system and have already established it. Its purpose is: i. to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets); ii. The report has reliability, timeliness, transparency; iii. It is in compliance with applicable rulings, laws and regulations, and could provide reasonable guarantees.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities, each of which includes several items. As for more details about the said components, please refer to the provisions in the Regulations.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2018, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company's Annual Report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was passed by the board of directors in their meeting held on March 15, 2019, with none of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Delpha Construction Co., Ltd.

Chairman: Lee, Chin-Yi

General Manager: Chen,Zhi-Cheng

2. If CPA was engaged to conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

(11) Disclosure of any sanction imposed in accordance with the law upon the Company and its internal personnel, any sanction imposed by the Company upon its internal personnel for violation of internal control system provisions, principal deficiencies, and efforts to implement improvements in the most recent year and as of the Annual Report publication date:

1. The Company violated the provisions under Article 210-3 of the Company Act.
Penalty: The person in charge of the Company was fined NT$10,000 in accordance with the document of Jing Shang Zi No. 10702407680.
Improvements: The Company has improved to follow the related regulations of that law.

(12) Resolutions made during the shareholders' meeting or board meeting in the most recent year and as of the Annual Report publication date:

Date	Meeting type	Resolutions	Remarks
March 23, 2018	Board meeting	1. Reported the affairs related to contract renewal of "Liability Insurance for Directors and Managerial Officers". 2. Approved the amendments to the "Handbook for the Board Meeting", the "Regulations on Scope of Responsibilities of Independent Directors" and the "Audit Committee Charters". 3. Approved the amendments to the "Operation Procedures for the Processing of Material Information", the "Operation Procedures for Prevention of Insider Trading", the "Operation Procedures for Handling Stock Affairs", and the "Operation Procedures for Applying for Halt and Resumption of Dealings". 4. Approved the amendments to the "Regulations Governing the Accounting Professional Judgment Procedure and Accounting Policies and Estimates" and the "Accounting System". 5. Approved the audit fee signed between the Moore Stephens International CPA accounting firm and the in 2018. 6. Approved the Company's CPA independence assessment result in 2018. 7. Approved 2017 Operation Reports and Financial Statements of the Company. 8 . Approved 2017 loss make-up proposal of the Company. 9. Approved the date and reason for holding the 2018 general shareholders' meeting 10. Approved the amendments to the "Rules Governing the Regulations and Systems", the "Enforcement Rules Governing the Regulations and System" and the "Internal Audit Operation Procedures". 11. Approved the 2017 Statement of Internal Control System of the Company.	
May 14, 2018	Board meeting	1. Reported that the consolidated financial statement for Q1, 2018 is finished and audited by the CPA.	
June 15, 2018	Shareholders' meeting	The following proposals are approved by voting: 1. 2017 Operation Reports and Financial Statements of the Company. 2. 2017 loss make-up proposal of the Company.	
June 26, 2018	Board meeting	1. Approved the Company's Joint Construction Case on 14 Land Lots such as Lot No. 573-1 in the 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City	
August 09, 2018	Board meeting	1. Reported that the consolidated financial statement for Q2, 2018 is finished and audited by the CPA.	
November 09, 2018	Board meeting	1. Reported that the consolidated financial statement for Q3, 2018 is finished and audited by the CPA. 2. Approved the affairs related to 2019 Internal Audit Inspection Plan	
December	Board	1. Reported the affairs related to contract renewal of "Liability Insurance for Directors and	

24, 2018	meeting	Managerial Officers". 2. Approved the amendments to the "Securities Investment Operation Procedures". 3. Approved the amendments to the "Information Management Operation Procedures". 4. Approved the amendments to the "Rules Governing the Personal Information Protection" and the "Enforcement Rules Governing the Personal Information Protection". 5. Approved the proposal that the Company changed the CPA accounting firm as ShineWing Taiwan. 6. Approved the criteria of three Chinese festival grants paying distributed for the directors and managerial officers who receive a monthly salary at fixed amount.	
March 13, 2019	Board meeting	1. Approved 2018 Operation Reports and Financial Statements of the Company. 2. Approved 2018 profit distribution plan of the Company. 3. Approved the remuneration for directors and employees set aside from the 2018 annual profit of the Company. 4. Approved the amendments to the "Operation Procedures for the Acquisition or Disposal of Assets" of the Company. 5. Approved the date and reason for holding the 2019 general shareholders' meeting 6. Approved 2018 Statement of Internal Control System of the Company. 7. Approved the remuneration distribution means for directors and employees in 2018.	

(13) Review of the implementation of resolutions made during the shareholders' meeting in the most recent year:

Resolutions of the shareholders' meeting	Implementation
1. Approved 2017 Operation Reports and Financial Statements of the Company.	It announced major information on June 15, 2018 as required after the resolution of the shareholders' meeting.
2. Approved 2017 loss make-up proposal of the Company.	It announced major information on June 15, 2018 as required after the resolution of the shareholders' meeting.

(14) Whereas, in the most recent year and as of the Annual Report publication date, a director has expressed a dissenting opinion with respect to an important resolution passed by the Board, and the said opinion has been recorded or prepared as a written declaration, with main content disclosed thereof:

Date	Proposal that a director has expressed a dissenting or qualified opinion	Director who has expressed a dissenting or qualified opinion	Resolution result	Reason for dissenting or qualified opinion
June 26, 2018	The Company's Joint Construction Case on 14 Land Lots such as Lot No. 573-1 in the 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City	LIN, Chao-Jung	Objection	In his opinion, the joint construction ratio is unreasonable, so he suggests cancelling the proposal and making discussions.
		Jhan, Zong-Ren	Objection	Please refer to page 26~29 of this document.
August 09, 2018	The consolidated financial statement for Q2, 2018 is finished and audited by the CPA	LIN, Chao-Jung	Qualified opinion	Director LIN, Chao-Jung and independent director Jhan, Zong-Ren showed qualified opinion towards the financial statements.
		Jhan, Zong-Ren	Qualified opinion	
November 09, 2018	The consolidated financial statement for Q3, 2018 is finished	LIN, Chao-Jung	Qualified opinion	Director LIN, Chao-Jung and independent director Jhan, Zong-Ren showed qualified opinion towards

	and audited by the CPA	Jhan, Zong-Ren	Qualified opinion	the financial statements.
December 24, 2018	The criteria of three Chinese festival grants paying distributed for the directors and managerial officers who receive a monthly salary at fixed amount	LIN, Chao-Jung	Objection	He suggests decreasing the bonus for the Chairman and the executive director appropriately since the profit of the Company is not so good currently.
		Jhan, Zong-Ren	Qualified opinion	Please refer to page 22~24 of this document.
March13, 2019	2018 Operation Reports and Financial Statements of the Company	LIN, Chao-Jung	Qualified opinion	Director LIN, Chao-Jung and independent director Jhan, Zong-Ren showed qualified opinion towards the financial statements.
		Jhan, Zong-Ren	Qualified opinion	
	2018 profit distribution plan of the Company.	LIN, Chao-Jung	Objection	To protect the rights and benefits of shareholders, he suggests increasing the dividend to NT$0.5 per share by setting aside some amount from the reserve.
		Jhan, Zong-Ren	Qualified opinion	Please refer to page 26~29 of this document.
	The remuneration distribution means for directors and employees in 2018	LIN, Chao-Jung	Objection	The Company's loan adopts full guarantee. The chairman's role as the guarantor is only procedural. Thus, it is unfair to other directors if the distribution ratio is higher than that of other directors.
		Jhan, Zong-Ren	Objection	Please refer to page 26~29 of this document.

(15) A summary of resignations and dismissals, in the most recent year and as of the Annual Report publication date, of the persons related to the Financial Statements (including the Chairman, General Manager, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor and R&D manager):

None.

4. Information on CPA Fees:

(1)The company may opt to disclose CPA fees either by fee range or by individual amount disclosure, and given any one of the following conditions, shall disclose information as follows:

Range of CPA fees (Please select the correct range of fill in the amount)

Name of accounting firm	Name of CPAs		Audit period	Remarks
Moore Stephens International Limited	Kuo, Chenyu	Chen, Kuang-Hui	2018.01.01 ｜ 2018.09.30	The number of CPAs auditing a public company failed to meet the provisions of Article 4 of “Regulations Governing Approval of Certified Public Accountants to Audit and Attest to the Financial Reports of Public Companies”, it proposed to terminate the CPA appointment for finance statement of the Company.
ShineWing Taiwan	Chen, Kuang-Hui	Yau, Yu Lin	2018.10.01 ｜ 2018.12.31	

Note 1: If the CPA or the accounting firm is changed this year, it should list the audit period respectively and write down the reason for replacement in Remarks.

Unit: NT$1,000

Range	Item	Audit fee	Non-audit fee	Total
1	NT$2,000,000 or below	1,360	2	1,362
2	NT$2,000,000 (included)~NT$4,000,000			
3	NT$4,000,000 (included)~NT$6,000,000			
4	NT$6,000,000 (included)~NT$8,000,000			
5	NT$8,000,000 (included)~NT$10,000,000			
6	NT$10,000,000 (included) or above			

1.If the non-audit fee paid to the CPA, the accounting firm and its affiliated companies accounts for over 1/4 of audit fee:

Information on CPA fees (Please fill in the amount)

Unit: NT$1,000

Name of accounting firm	Name of CPAs	Audit fee	Non-audit fee					CPA audit period	Remarks
			System design	Commercial register	HR	Others (Note 2)	Sub total		
MOORE STEPHENS INTERNATIONAL LIMITED	Kuo, Chenyu	660				2	2	2018.01.01 ｜ 2018.09.30	The number of CPAs auditing a public company failed to meet the provisions of Article 4 of “Regulations Governing Approval of Certified Public Accountants to Audit and Attest to the Financial Reports of Public Companies”, it proposed to terminate the CPA appointment for finance statement of the Company.
	Chen, Kuang-Hui								

ShineWing Taiwan	Chen, Kuang-Hui Yau, Yu Lin	700						2018.10.01 ｜ 2018.12.31	

Note 1: If the CPA or the accounting firm is changed this year, it should list the audit period respectively and write downthe reason for replacement in Remarks. Moreover, it should disclose the information such as the audit and non-audit fees paid.

Note 2: The non-audit fees should be listed by service items. If the Others of non-audit fee reaches 25% of the audit fee, it should list the service content in Remarks.

2. The accounting firm is changed and the audit fee for that year is less than in the previous year, it should disclose the amount of the audit fees paid before and after the replacement, and the reason: N/A.

3. The audit fee is reduced by over 15% than that of the previous year, it should disclose the reduction amount, proportion and reason: N/A.

5. Information on replacement of CPA:

(1)About the Former CPA:

<table>
<tr><td>Replacement Date</td><td colspan="4">2018.11. 28</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="4">The number of CPAs auditing a public company failed to meet the provisions of Article 4 of “Regulations Governing Approval of Certified Public Accountants to Audit and Attest to the Financial Reports of Public Companies”, it proposed to terminate the CPA appointment for finance statement of the Company in the fourth quarter, 2018.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td colspan="2">Client
Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td colspan="2">Appointment terminated automatically</td><td>V</td><td>--</td></tr>
<tr><td colspan="2">Appointment rejected (discontinued)</td><td>--</td><td>--</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Differences with the Company</td><td rowspan="4">Yes</td><td colspan="2">--</td><td>Accounting principles or practices</td></tr>
<tr><td colspan="2">--</td><td>Disclosure of financial statement</td></tr>
<tr><td colspan="2">--</td><td>Audit scope or steps</td></tr>
<tr><td colspan="2">--</td><td>Others</td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Remarks: N/A</td></tr>
<tr><td>Other Disclosed Matters</td><td colspan="4">None</td></tr>
</table>

(2) About Successor CPAs:

Name of accounting firm	ShineWing Taiwan
Name of CPA	CPA Chen, Kuang-Hui, and CPA Yau, Yu Lin
Date of appointment	January 10, 2019
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(3) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: N/A.

6. Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Accounting Firm or Its Affiliates in the Most Recent Year, It Should Disclose His Name, Title and Period when Being Employed by the Accounting Firm of the CPA or its Affiliated Companies: None.

7. Changes in Shareholding and Equity Pledge of Directors, Supervisors, Managerial Officers and Shareholders Holding More Than 10% of the Company's Shares in the Most Recent Year and as of the Annual Report publication date:

Unit: share

Title (Note 1)	Name	2018		The current year until April 7	
		Shareholding increase/decrease	Pledged shares increase/decrease	Shareholding increase/decrease	Pledged shares increase/decrease
Chairman	Lee, Chin-Yi	--	--	--	--
Director	Lin ,Wen-Liang	--	--	--	--
Director	LIN ,Po-Fong	0 (570,000)	--	--	--
Director	Representative of Rongzhi Investment Co., Ltd.: LIN, Chao-Jung	0 (906,000)	5,294,000 0	--	--
Independent director	Tseng, Ping-Joung	--	--	--	--
Independent director	Jhan, Zong-Ren	--	--	--	--
Independent director	Chang, Chang-Ter	--	--	--	--

General Manager	Zhi-Cheng,Chen	--	--	--	--
VP of Finance & Accounting Dept.	Cheng Hsiung,Yeh	--	--	--	--
VP of Business Dept. & Engineering Management Dept.	Jun-Xian,Lee	--	--	--	--
Accounting Manager	Sing-Suei,Wu	--	--	--	--
Shareholder with the shareholding more than 10%	Da Shuo Investment Co., Ltd.	224,000 0	20,800,000 0	1,449.000 0	--
Shareholder with the shareholding more than 10%	Tai You Investment Limited Company	2,679,000 0	12,919,000 (11,364,000)	--	2,822,000 (1,262,000)
Shareholder with the shareholding more than 10%	Chang Sheng International Investment Co., Ltd.	2,106,000 0	15,983,000 (14,075,000)	--	7,813,000 (5,769,000)

Note 1: The shareholders with the shareholding rate higher than 10% should be marked as major shareholders, which should be listed respectively.

＊The counterparty of equity transfer or pledge is a related party: None.

8. Relationship Information: Any one among the Company's 10 Largest Shareholders is a related party or relative within the second degree of kinship of another shareholder:

<table>
<tr><th rowspan="2">Name(Note 1)</th><th colspan="2">SHAREHOLDING</th><th colspan="2">SPOUSE & MINOR CURRENT SHAREHOLDRING</th><th colspan="2">CURRENT SHAREHOLDING BY NOMINEE ARRANGEMENT</th><th colspan="2">Name and relationship of the top 10 largest shareholders with parties, spouses, or relatives within the second degree of kinship (Note 3)</th><th>Remarks</th></tr>
<tr><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Name</th><th>Relation</th><th></th></tr>
<tr><td rowspan="2">Da Shuo Investment Co., Ltd.</td><td rowspan="2">44,487,046</td><td rowspan="2">16.43%</td><td rowspan="2">--</td><td rowspan="2">--</td><td rowspan="2">--</td><td rowspan="2">--</td><td>Da Jie Investment Co., Ltd.</td><td>The Chairman of the Company is also the Chairman of this Company.</td><td></td></tr>
<tr><td>Lin ,Wen-Liang</td><td>The first degree of kinship of the Chairman of the Company</td><td></td></tr>
<tr><td rowspan="3">Representative of Da Shuo Investment Co., Ltd.:
Lin,Jian-Yu</td><td rowspan="3">897,000</td><td rowspan="3">0.33%</td><td rowspan="3">--</td><td rowspan="3">--</td><td rowspan="3">--</td><td rowspan="3">--</td><td>Da Shuo Investment Co., Ltd.</td><td>The Chairman of this Company</td><td></td></tr>
<tr><td>Da Jie Investment Co., Ltd.</td><td>The Chairman of this Company</td><td></td></tr>
<tr><td>Lin ,Wen-Liang</td><td>The first degree of kinship</td><td></td></tr>
<tr><td rowspan="3">Chang Sheng International Investment Co., Ltd.</td><td rowspan="3">41,222,002</td><td rowspan="3">15.22%</td><td rowspan="3">--</td><td rowspan="3">--</td><td rowspan="3">--</td><td rowspan="3">--</td><td>Tai You Investment Limited Company</td><td>The Chairman of the Company is the spouse of the Chairman of this Company.</td><td rowspan="3"></td></tr>
<tr><td>Lin,Jin-Yi</td><td>The Chairman of this Company</td></tr>
<tr><td>Wu, Shen-Huang</td><td>The spouse of the Chairman of the Company</td></tr>
<tr><td rowspan="3">Representative of Chang Sheng International Investment Co., Ltd.:
Lin,Jin-Yi</td><td rowspan="3">6,280,081</td><td rowspan="3">2.32%</td><td rowspan="3">15,676,210</td><td rowspan="3">5.79%</td><td rowspan="3">--</td><td rowspan="3">--</td><td>Chang Sheng International Investment Co., Ltd.</td><td>The Chairman of this Company</td><td rowspan="3"></td></tr>
<tr><td>Tai You Investment Limited Company</td><td>This person is the spouse of the Chairman of this Company.</td></tr>
<tr><td>Wu, Shen-Huang</td><td>Spouse</td></tr>
</table>

Tai You Investment Limited Company	40,391,566	14.92%	--	--	--	--	Chang Sheng International Investment Co., Ltd.	The Chairman of the Company is the spouse of the Chairman of this Company.	
							Wu, Shen-Huang	The Chairman of the Company	
							Lin,Jin-Yi	The spouse of the Chairman of the Company	
Representative of Tai You Investment Limited Company: Wu, Shen-Huang	15,676,210	5.79%	6,280,081	2.32%	--	--	Tai You Investment Limited Company	The Chairman of this Company	
							Chang Sheng International Investment Co., Ltd.	This person is the spouse of the Chairman of this Company.	
							Lin,Jin-Yi	Spouse	
Da Jie Investment Co., Ltd.	16,924,773	6.25%	--	--	--	--	Da Shuo Investment Co., Ltd.	The Chairman of the Company is also the Chairman of this Company.	
							Lin ,Wen-Liang	The first degree of kinship of the Chairman of the Company	
Representative of Da Jie Investment Co., Ltd.: Lin,Jian-Yu	897,000	0.33%	--	--	--	--	Da Shuo Investment Co., Ltd.	The Chairman of this Company	
							Da Jie Investment Co., Ltd.	The Chairman of this Company	
							Lin ,Wen-Liang	The first degree of kinship	
Wu, Shen-Huang	15,676,210	5.79%	6,280,081	2.32%	--	--	Tai You Investment Limited Company	The Chairman of this Company	
							Chang Sheng International Investment Co., Ltd.	This person is the spouse of the Chairman of this Company.	
							Lin,Jin-Yi	Spouse	
LIN ,Po-Fong	11,245,008	4.15%	--	--			Lin ,Wen-Liang	The second degree of kinship	

Rongzhi Investment Co., Ltd.	10,132,499	3.74%	--	--	--	--	Hengying Investment Co., Ltd.	The Chairman of the Company is also the Chairman of this Company.	
Representative of Rongzhi Investment Co., Ltd.: LIN, Chao-Jung	1,185,581	0.44%	1,971	--	--	--	Rongzhi Investment Co., Ltd.	The Chairman of this Company	
							Hengying Investment Co., Ltd.		
Lin ,Wen-Liang	7,073,941	2.61%	2,408,551	0.89%	--	--	Da Shuo Investment Co., Ltd.	The first degree of kinship of the Chairman of this Company	
							Da Jie Investment Co., Ltd.	The first degree of kinship of the Chairman of this Company	
							LIN ,Po-Fong	The second degree of kinship	
Hengying Investment Co., Ltd.	6,503,000	2.40%	--	--	--	--	Rongzhi Investment Co., Ltd.	The Chairman of the Company is also the Chairman of this Company.	
Representative of Hengying Investment Co., Ltd.: LIN, Chao-Jung	1,185,581	0.44%	1,971	--	--	--	Hengying Investment Co., Ltd.	The Chairman of this Company	
							Rongzhi Investment Co., Ltd.		
Lin,Jin-Yi	6,280,081	2.32%	15,676,210	5.79%	--	--	Wu, Shen-Huang	Spouse	
							Tai You Investment Limited Company	The spouse of the Chairman of this Company	
							Chang Sheng International Investment Co., Ltd.	The Chairman of this Company	

Note 1: The top 10 shareholders should be all listed. For the institutional shareholder, its name and the name of its representative should be listed respectively.

Note 2: As for the shareholding, it should be calculated based on the shareholding under the name of himself, his spouse & minor, or others.

Note 3: The relations between the shareholders listed above, including companies and individuals, should be disclosed based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

9. Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its Directors and Supervisors, Managerial Officers, and Any Company Controlled Either Directly or Indirectly by the Company:

Until April 30, 2019/Unit: share; %

Reinvestment business (Note)	Investment of the Company		Investment of the director, supervisor, manager and directly or indirectly controlled business		Comprehensive investment	
	Shares	%	Shares	%	Shares	%
Dahyoung Real Estate Development Co., Ltd	3,868,922	99.00%	6,513	0.17%	3,875,435	99.17%
Huachien Development Co., Ltd.	18,207,735	58.36%	--	--	18,207,735	58.36%

Note: It refers to the Company’s investment based on equity method.

【Capital Overview】

1. Capital and Shares (Including Preferred Stock)

(1) Source of capital stock

1. Formation of capital stock:

Year/Month	Par value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increased by assets other than cash	Others
1985.04	1000	30,000	30,000,000	30,000	30,000,000	Capital increase by cash	--	None
1985.06	1000	50,000	50,000,000	50,000	50,000,000	Capital increase by cash	--	None
1988.10	1000	100,000	100,000,000	100,000	100,000,000	Capital increase out of reserve	--	None
1990.09	10	19,500,000	195,000,000	19,500,000	195,000,000	Capital increase by cash	--	None
1992.02	10	37,375,000	373,750,000	37,375,000	373,750,000	Capital increase by cash Capital increase out of earnings and reserve	--	This time it increased capital of NT$178,750,000 composed of 17,875,000 shares with NT$10 per share, which was approved in the Document No. 00248 of (1992)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on February 28, 1992.
1992.11	10~12	54,233,750	542,337,500	54,233,750	542,337,500	Capital increase by cash Capital increase out of earnings and reserve	--	This time it increased capital of NT$168,587,500 composed of 16,858,750 shares with NT$10 per share, which was approved in the Document No. 02898 of (1992)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on November 9, 1992.

1993.07	10	62,452,812	624,528,120	62,452,812	624,528,120	Capital increase out of earnings and reserve	--	This time it increased capital of NT$82,190,620 composed of 8,219,062 shares with NT$10 per share, which was approved in the Document No. 30936 of (1992)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on July 22, 1993.
1994.08	10	84,943,375	849,433,750	84,943,375	849,433,750	Capital increase by cash Capital increase out of earnings	--	This time it increased capital of NT$224,905,630 composed of 22,490,563 shares with NT$10 per share, which was approved in the Document No. 32556 of (1994)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on August 4, 1994.
1995.10	10~20	150,000,000	1,500,000,000	115,365,791	1,153,657,910	Capital increase by cash Capital increase out of earnings	--	This time it increased capital of NT$304,224,160 composed of 30,422,416 shares with NT$10 per share, which was approved in the Document No. 53734 of (1995)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on October 30, 1995.
1996.07	10	150,000,000	1,500,000,000	126,902,370	1,269,023,700	Capital increase out of earnings	--	This time it increased capital of NT$115,365,790 composed of 11,536,579 shares with NT$10 per share, which was approved in the Document No. 40392 of (1996)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on July 2, 1996.
1996.10	10~27	300,000,000	3,000,000,000	169,902,370	1,699,023,700	Capital increase by cash	--	This time it increased capital of NT$ 430,000,000 composed of 43,000,000 shares with NT$10 per share, which was approved in the Document No. 59106 of (1996)Tai Cai Zheng (I) announced by the SFC under the Ministry

								of Finance on October 15, 1996. With the amount of total capital within NT$800,000,000, it may issue the convertible corporate bond.
1997.06	10~30	330,000,000	3,300,000,000	240,484,796	2,404,847,960	Capital increase by cash Capital increase out of earnings and reserve	--	This time it increased capital of NT$705,824,260 composed of 70,582,426 shares with NT$10 per share, which was approved in the Document No. 40789 of (1997)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on June 4, 1997. With the amount of total capital within NT$900,000,000, it may issue the convertible corporate bond.
1997.08	10	330,000,000	3,300,000,000	245,245,012	2,452,450,120	Conversion from certificate of entitlement to new shares form convertible bond Common shares	--	It converted the certificate of entitlement to new shares form convertible bond (Huachien A) into common shares with NT$10 per share, with a total of NT$47,602,160. It was approved in the Document No. 62893 of (1997)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on August 9, 1997. With the amount of total capital within NT$800,000,000, it may issue the convertible corporate bond.
1998.01	10	330,000,000	3,300,000,000	257,683,522	2,576,835,220	Conversion from certificate of entitlement to new shares form convertible bond Common shares	--	It converted the certificate of entitlement to new shares form convertible bond (Huachien b) into common shares with NT$10 per share, with a total of NT$124,385,100. It was approved in the Document No. 11151 of (1998)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on Janurary 13, 1998.

1998.05	10	500,000,000	5,000,000,000	326,902,009	3,269,020,090	Capital increase out of earnings and reserve Conversion from certificate of entitlement to new shares form convertible bond Common shares	--	This time it increased capital of NT$692,184,870 composed of 69,218,487 shares with NT$10 per share, which was approved in the Document No. 39123 of (1998)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on May 8, 1998. With the amount of total capital within NT$1.000,000,000, it may issue the convertible corporate bond.
1998.08	10~36	500,000,000	5,000,000,000	356,902,009	3,569,020,090	Capital increase by cash	--	This time it increased capital of NT$300,000,000 composed of 30,000,000 shares with NT$10 per share, which was approved in the Document No. 65978 of (1998)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on August 7, 1998. With the amount of total capital within NT$1.000,000,000, it may issue the convertible corporate bond.
1999.08	10	600,000,000	6,000,000,000	394,194,176	3,941,941,760	Capital increase out of earnings	--	This time it increased capital of NT$372,921,670 composed of 37,292,167 shares with NT$10 per share, w hich was approved in the Document No. 5074 of (2000)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on June 1, 1999. With the amount of total capital within NT$1.000,000,000, it may issue the convertible corporate bond.

2000.08	10	533,613,592	5,336,135,920	433,613,592	4,336,135,920	Capital increase out of earnings and reserve	--	This time it increased capital of NT$394,194,160 composed of 39,419,416 shares with NT$10 per share, which was approved in the Document No. 52742 of (2000)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on June 22, 2000. With the amount of total capital within NT$1.000,000,000, it may issue the convertible corporate bond.
2001.03	10	533,613,592	5,336,135,920	420,228,592	4,202,285,920	Buyback of treasury stock	--	This time it decreased capital of 13,385,000 shares, which was approved to be cancelled by the Ministry of Economic Affairs in the Document No. 09001121830 of Jing (2001) announced on April 9, 2001.
2004.09	10	533,613,592	5,336,135,920	268,434,130	2,684,341,300	Capital decrease for loss make-up	--	This time it decreased capital of 151,794,462 shares, which was approved to be changed by the Department of Commerce, Ministry of Economic Affairs in the Document No. 09301165340 of Jing Shou Shang on September 3, 2004.
2004.10	2.99	533,613,592	5,336,135,920	309,571,130	3,095,711,300	Capital increase by cash of private placement	--	This time it increased capital of NT$411,370,000 composed of 41,137,000 shares with NT$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 09301191540 of Jing Shou Shang on October 21, 2004.
2007.09	8	533,613,592	5,336,135,920	328,321,130	3,283,211,300	Capital increase by cash of private placement	--	This time it increased capital of NT$187,500,000 composed of 18,750,000 shares with NT$10 per share, which was approved by the Department

								of Commerce, Ministry of Economic Affairs in the Document No. 09601222970 of Jing Shou Shang on September 11, 2007.
2009.08	10	533,613,592	5,336,135,920	253,891,529	2,538,915,290	Capital decrease	--	This time it decreased capital of NT$744,296,010 composed of 74,429,601 shares with NT$10 per share, which was approved to be changed by the Department of Commerce, Ministry of Economic Affairs in the Document No. 09801177690 of Jing Shou Shang on August 6, 2009.
2010.08	10	533,613,592	5,336,135,920	258,969,360	2,589,693,600	Capital increase out of earnings	--	This time it increased capital of NT$50,778,310 out of earnings, composed of 5,077,831 shares with NT$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 09901187360 of Jing Shou Shang on August 17, 2010.
2011.09	10	533,613,592	5,336,135,920	265,443,594	2,654,435,940	Capital increase out of earnings	--	This time it increased capital of NT$64,742,340 out of earnings, composed of 6,474,234 shares with NT$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 10001200540 of Jing Shou Shang on September 20, 2011.
2012.08	10	533,613,592	5,336,135,920	270,752,466	2,707,524,660	Capital increase out of earnings	--	This time it increased capital of NT$53,088,720 out of earnings, composed of 5,308,872 shares with NT$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 10101173500 of Jing Shou Shang on

								August 21, 2012.

Note: The Company was set up in December, 1960, with the amount of paid-in capital of NT$900,000. During the period from 1960~1985, it increased capital by cash of NT29,100,000 in total.

2. Capital of the Company

Stock type	Authorized capital stock			Remarks
	Outstanding shares (issued)	Unissued shares	Total	
Registered common stock	270,752,466 shares	262,861,126 shares	533,613,592 shares	As of the Annual Report publication date, it has issued a total of 270,752,466 shares.

3. General information about the reporting system: N/A.

(2) Shareholder structure

April 7, 2019

Shareholder structure / Qty	Government agency	Financial institutions	Other entities	Individuals	Foreign institutions and persons	Treasury stock	Total
Number of shareholders	0	1	180	28,238	50	0	28,469
Shareholding	0	227	175,111,306	91,566,253	4,074,680	0	270,752,466
Holding percent (%)	0.00%	0.00%	64.68%	33.82%	1.50%	0.00%	100.00%

Note: The primary listed (OTC listed) company should disclose the holding percentage of capital stock from Mainland China. It refers to the Chinese individuals, entities, groups, other institutions or companies investing in a third place as regulated in Article 3 of the Policy of Allowing Mainland Chinese Investors to Invest in Taiwan.

(3) Diffusion of Ownership

April 7, 2019

Class of shareholding	Number of shareholders	Shareholding	Percent (%)
1-999	24,735	1,934,992	0.71%
1,000-5,000	2,604	5,363,326	1.98%
5,001-10,000	560	3,972,269	1.47%
10,001-15,000	204	2,445,384	0.90%
15,001-20,000	89	1,588,078	0.59%
20,001-30,000	82	2,053,670	0.76%
30,001-40,000	55	1,945,140	0.72%
40,001-50,000	13	599,125	0.22%
50,001-100,000	56	3,715,051	1.37%
100,001-200,000	17	2,362,881	0.87%
200,001-400,000	17	4,753,073	1.76%
400,001-600,000	7	3,355,969	1.24%
600,001-800,000	1	647,930	0.24%
800,001-1000,000	7	6,427,692	2.37%
Above 1,000,001 shares	22	229,587,886	84.80%
Total	28,469	270,752,466	100.00%

(4) Major shareholders

April 7, 2019

Name of major shareholders	Shareholding	Percent (%)
Da Shuo Investment Co.,Ltd.	44,487,046	16.43%
Chang Sheng International Investment Co.,Ltd.	41,222,002	15.22%
Tai You Investment Limited Company	40,391,566	14.92%
Da Jie Investment Co.,Ltd.	16,924,773	6.25%
Wu, Shen-Huang	15,676,210	5.79%
LIN ,Po-Fong	11,245,008	4.15%
Rongzhi Investment Co., Ltd.	10,132,499	3.74%
Lin ,Wen-Liang	7,073,941	2.61%
Hengying Investment Co., Ltd.	6,503,000	2.40%
Lin,Jin-Yi	6,280,081	2.32%

(5) Market price, net value, earning, dividend per share in the recent two-year period:

<table>
<tr><th colspan="3">Year
Item</th><th>2017
(Adopting IFRS)</th><th>2018
(Adopting IFRS)</th><th>2019 and until March 31 (Adopting IFRS)</th></tr>
<tr><td rowspan="3">Market price per share (Note 1)</td><td colspan="2">Highest</td><td>18.35</td><td>16.80</td><td>17.95</td></tr>
<tr><td colspan="2">Lowest</td><td>13.20</td><td>14.65</td><td>15.50</td></tr>
<tr><td colspan="2">Average</td><td>14.25</td><td>15.54</td><td>16.45</td></tr>
<tr><td rowspan="2">Net worth per share (Note 2)</td><td colspan="2">Before distribution</td><td>11.97</td><td>12.08</td><td>--</td></tr>
<tr><td colspan="2">After distribution</td><td>11.97</td><td>Pending for resolution</td><td>--</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted average shares</td><td>268,075,826</td><td>268,095,910</td><td>270,752,466</td></tr>
<tr><td rowspan="2">Earnings per share (Note 3)</td><td>Before adjustment</td><td>(0.43)</td><td>0.10</td><td>--</td></tr>
<tr><td>After adjustment</td><td>--</td><td>--</td><td>--</td></tr>
<tr><td rowspan="4">Dividend per share</td><td colspan="2">Cash dividend</td><td>--</td><td>0.10
(Not approved by resolution of the shareholders' meeting yet)</td><td>--</td></tr>
<tr><td rowspan="2">Stock dividend</td><td>Dividend distribution</td><td>--</td><td>--</td><td>--</td></tr>
<tr><td>Capital reserve distribution</td><td>--</td><td>--</td><td>--</td></tr>
<tr><td colspan="2">Accumulated undistributed dividend (Note4)</td><td>--</td><td>--</td><td>--</td></tr>
<tr><td rowspan="3">Analysis of return on investment</td><td colspan="2">P/E ratio(Note5)</td><td>(33.14)</td><td>155.4</td><td>--</td></tr>
<tr><td colspan="2">Price-dividend ratio (Note6)</td><td>--</td><td>155.4</td><td>--</td></tr>
<tr><td colspan="2">Cash dividend yield (Note7)</td><td>--</td><td>0.006</td><td>--</td></tr>
</table>

Note 1: It should list the highest and lowest market price of the common shares each year, and calculate the average market price based on the annual turnover and volume.

Note 2: It is subject to the number of shares that were issued by the end of each year, and based on the distribution upon the resolution during the shareholder's meeting held in the following year.

Net worth per share=shareholder's equity/(number of common shares+number of preferred shares(under the shareholder's equity) + number of shares equivalent to the capital collected in advance (under the shareholder's equity) –number of treasury stock of the parent company held by the parent company and the subsidiaries)

Note 3: If retroactive adjustment is required in cases such as stock dividends, the EPS should also be listed before and after the adjustment.

Note 4: If the equity securities issuance conditions regulate the stock dividend undistributed in the current year should be accumulated and distributed until there is annual profit, it should respectively disclose the accumulated stock dividend undistributed until the current year.

Note 5: P/E ratio＝Average closing price per share in the current year/EPS

Note 6: Price-dividend ratio＝Average closing price per share in the current year/ cash dividend per share

Note 7: Cash dividend yield＝cash dividend per share/average closing price per share in the current year

Note 8: The net worth per share and EPS are audited by the CPA; the data in the rest fields are for the current year and as of the Annual Report publication date.

(6) Company's dividend policy and implementation

1. According to the 2018 final accounts of the Company, the after-tax net profit is NT$ 26,874 thousands dollars The Board of Directors has made the resolution to distribute cash dividend of NT$ 0.1 per share, which is still pending for the approval of the 2019 shareholders' meeting.

2. Dividend policy:

If there is a surplus in the final accounts of the Company, it should pay tax and make up the accumulated loss in the previous years. However, it doesn't apply when the statutory reserve has reached the total amount of the paid-in capital of the Company. Then it should set aside 10% as the statutory reserve, or appropriate or reverse special reserve as required by laws or competent authority. If there is still surplus after that, plus the accumulated undistributed profit at the beginning of the period, it should make the profit distribution plan based on the dividend policy and submit the plan to the shareholders' meeting for resolution before distribution.

The Company's dividend policy is based on the characteristics of construction industry that the Company is engaged in, which shows high requirements for funds. Moreover, it also considers the current and future development plans, investment environment and domestic industrial competition, and takes into account the interests of all shareholders. It sets aside 10%~70% of the annual distributed profit as the dividend for shareholders, which won't be distributed if the distributed profit is lower than 5% of the paid-in capital. This could improve the financial structure of the Company. The dividend for shareholders can be distributed by cash or stock, in which the cash dividend should be no less than 10% of the total amount.

As for the distribution of the dividend for shareholders as stated above, the Board of Directors should determine the most appropriate dividend policy based on the maximum benefits of the Company.

Situation of dividend distribution for 2017 is as below:

It didn't distribute dividend upon the resolution of shareholders' meeting on June 15, 2018.

(7) Effect on the operational performance, EPS, the shareholder's ROI of the stock dividend distribution this time:

Unit: EPS is in the unit of NT$, and the others are in the unit of NT$1,000

Item / Year			2019 (Estimated)
Amount of paid-in capital at the beginning			2,707,525
Situation of dividend in this year	Cash dividend per share		0.10
	Stock dividend per shares appropriated from capital increase out of earnings		0.00
	Stock dividend per shares appropriated from capital increase out of reserve		0
Change of operational performance	Operation profit		1. The Company doesn't disclose the financial estimates for 2019, so it doesn't have to disclose the estimated information for 2019. 2. The after-tax net profit is NT$ 26,874,000. The Board of Directors has made the resolution to distribute cash dividend of NT$ 0.1 per share
	YoY increase (decrease) rate of operational profit if compared with the same period in the last year		
	After-tax net profit		
	YoY increase (decrease) rate of after-tax net profit		
	EPS		
	YoY increase (decrease) rate of EPS		
	Annual average ROI (annual P-E ratio on average)		
Proposed EPS and P-E ratio	If the amount of capital increase out of earnings is fully distributed with cash dividend	Propose EPS	
		Proposed annual average ROI	
	If it doesn't increase capital out of reserve	Propose EPS	
		Proposed annual average ROI	
	If it doesn't increase capital out of reserve, and the amount of capital increase out of earnings is fully distributed with cash dividend	Propose EPS	
		Proposed annual average ROI	

Note: 1. The Company should explain the hypothesis for the estimated or proposed data.

2. If the amount of capital increase out of earnings is fully distributed with cash dividend =〔After-tax net profit－expense of interest paid for the estimated cash dividend×(1－tax rate)〕/〔Total shares issued by the end of this year－ shares distributed as dividend〕

Expense of interest paid for the estimated cash dividend＝amount of earnings for capital increase× interest rate for one-year general loan

3. Annual average P-E ratio=Annual market price per share on average/ annual EPS on the financial statement.

(8) Remuneration paid to employees and directors:

1. Percentage of remuneration paid to employees and directors stated in Article 28 of the Articles of Association:

   According to Article 28 of the Articles of Association: "If there is a surplus of the Company in the current year, it should set aside no less than 1.5% as the remuneration for the employees, and no more than 2% as the remuneration for the directors. However, if there is still an accumulated deficit, the Company should retain the amount to offset the loss in advance before setting aside the amount stated above. The remuneration for the employees can be distributed by cash or stock. The remuneration distribution for employees and directors should be approved by more than half of the attending directors during the board meeting that is attended by more than 2/3 of the total directors, which should be presented in the shareholders' meeting."

2. The base used to estimate the amount of remuneration for employees and directors in the current period, the base used to calculate shares distributed in the form of stock dividend, and the account processing in case of any discrepancy between the actual amount distributed and the amount estimated:

   (1) The base used to estimate the amount of remuneration for employees and directors in the current period:
   The Company obtains profit in 2018, so it sets aside 2% as the remuneration for employees and directors based on the ratio specified in the Articles of Association.

   (2) The base used to calculate shares distributed in the form of stock dividend:
   It doesn't distribute the remuneration for employees by stock. If it will distribute the remuneration for employees by stock in the future upon the resolution, base used to calculate shares should be the closing price on the date before the resolution during the board meeting.

   (3) The account processing in case of any discrepancy between the actual amount distributed and the amount estimated:
   It is listed as the profit/loss adjustment for 2019.

3. Remuneration distribution approved by the board meeting:

   (1) The amount of remuneration distributed to employees and directors in the form of cash or stock dividend (In case of any discrepancy from the amount estimated and listed as expense, the difference in figures, reason and response should be disclosed):
   As approved during the board meeting, the Company would distribute the remuneration for employees and directors of NT$1,726,628, which is estimated as NT$1,726,544 on the account book. The amount distributed is NT$ 84 more than that estimated, which is mainly caused by the change of accounting estimates. It will be listed as the profit/loss adjustment for 2019.

   (2) The amount of stock dividend distributed as remuneration for employees, and the ratio of the total net profit after-tax and individual employee remuneration or separate financial statement for the current period:
   It doesn't distribute stock dividend for employees this year.

4. The actual distribution of remuneration for employees and directors in the previous year (including the shares and amount distributed or the stock price), and any discrepancy from the amount listed as remuneration for employees and directors; the difference in figures, reason and response should be stated.

   The Company was in after-tax loss in 2017, so this situation doesn't occur to it.

(9) Share buyback of the Company in the most recent year and as of the Annual Report Publication Date: None.

2. Corporate Bonds, Preferred Shares, Global Depository Receipt (GDR), Employee Stock Warrants, New Restricted Employee Shares, Status of New Shares Issuance in Connection with Mergers, Acquisitions and Split”

(1) Corporate Bonds: None.

(2) Preferred Shares: None.

(3) Global Depository Receipt (GDR): None.

(4) Employee Stock Warrants: None.

(5) New Restricted Employee Shares: None.

(6) Status of New Shares Issuance in Connection with Mergers, Acquisitions and Split: None.

3. Status of Implementation of Capital Allocation Plans

(1) Plans:

For each uncompleted public issue or private placement of securities as of the last quarter before the Annual Report publication date, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: None.

(2) Implementations:

None.

#【Operational Highlights】

1. Businesses

(1) Business Scope

1.Main businesses and their operational proportion:

(1) Contracting the sales and lease of all type of commercial buildings: with the operational proportion accounting for 3% in 2018.

(2) Contracting the sales and lease of all type of residential buildings: with the operation proportion accounting for 97% in 2018.

(3) Broker for housing rental and sales: with the operation proportion accounting for 0 %.

(4) Agency and trade of import/export for various construction materials: with the operation proportion accounting for 0 %.

2. Current products and services and new products and services in the development plan:

The Company is mainly engaged in contacting the sales and lease of all types of commercial and residential buildings, and the products are mostly the smart office buildings and residential buildings, so as to meet the demands of business development and housing.

(2) Industrial overview

1. Overall economic environment:

Driven by the continuous recovery of global economy, the Taiwan's economy still achieved good performance in the first half of 2018, with the economic growth rate reaching over 3%. The export volume maintained a two-digit growth rate, moreover, the stock market also stayed above 10,000 points. However, the investment achieved lower performance. As the China-US trade war was escalated since the third quarter, and the rising interest rate in the US resulted in the strong US dollars, which triggered the movement of global funds. Moreover, the financial conditions in the emerging markets and the developing economies were fluctuating more violently, which also affected the financial markets in Taiwan and other main economies such as the US, Europe and Japan. As a result, the prospect to the prosperity in the second half of the year turned to be more conservative.

With the prospect of Taiwan's economy in 2019, the major international forecasting agencies believe that global trade growth in 2019 will not be as good as that in 2018 though the recovery in investment, which is mainly due to the continuous escalation of the US-China trade war. If the US-China trade dispute gets worsened continuously, it will not only affect the trade itself, but also crack down the investment and manufacturing activities in the long run. In addition, international oil prices have risen due to geopolitical disturbances since 2018, which has also driven the raw material prices staying high. However, without the support from the economic perspective, the oil prices may gradually return to a low level in the future. Due to the US-China trade was and the limited space for rise of international oil prices, it is difficult for Taiwan's exports to maintain double-digit growth like that in the first half of 2018.

To sum up the views of international organizations, some ones such as the IMF and the OECD believe that the global economy in 2019 will be in line with that in 2018, while some others consider that the global economy in 2019 will not achieve the performance as good as that in 2018. The Taiwan's economy is highly correlated with the global economy, especially the main economies of the US and China, which are also the primary export markets of Taiwan. The economy growth rate in these two countries will decline, so the performance of Taiwan’s economy will encounter challenge. If Taiwan's foreign trade and consumption are affected by the US-China trade war and financial shrinkage in 2019, capital formation, especially the government's fixed investment, will become an important factor to support the economy. It will be another uncertain factor in 2019 that shows influence on the overall economy and investment in Taiwan about whether the government could launch a corresponding investment policy in a timely manner.

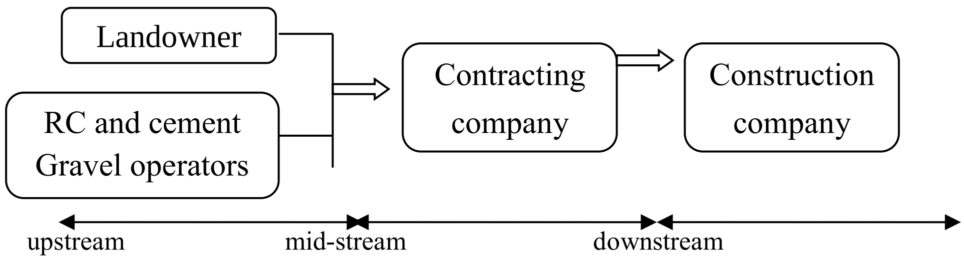
2. Current situation and development of the industry

The delayed purchasing was concentrated in some new construction projects and cutting-price projects, as well as the specific re-planned zone rather than fully scattered in all projects. Therefore, the prosperity of housing market in 2018 showed slight decline. It still takes time to carry out the urban blue print in the Six Special Municipalities, the stress faced by the prosperity of domestic housing market is not relieved, and even the prices of some construction projects have turned to be tough. Therefore, the prosperity of the housing market in the next half of the year will remain unchanged. For example in the Taipei City and New Taipei City, which are the main housing markets in Taiwan, the sales rate of the presale promotion projects in Taipei in the first half of 2018 was increased from 26% to 32%. The main reason was that the price in Taipei City had been adjusted for three years, so the consumers with the intention to change better housing were gradually rising. Especially the sold rate of some projects located in the areas with retained value was quite high. The proportion of the housing within the area $120m^2$~$210m^2$ was getting higher, and the cases of the available luxury houses larger than $240m^2$ are released successively. Moreover, the sold rate of the presale houses in the first half of 2018 was increased from 20 (2017) to 28%, in which the cases with high total price, high CP value, supporting facilities and cutting profit showed outstanding performance. The re-planned areas of North Side in Jiangcui, Yangbie, TuCheng Expansion, and Sanchong & Renyi Section will be the main targets for promotion

In terms of the policy in the housing market, to speed up the reconstruction of unsafe and old buildings, the Ministry of the Interior has allowed to subsidize the unsafe and old building reconstruction projects with the central urban renewal fund, and also provided the credit guarantee for the loans used in the reconstruction of unsafe and old buildings. In addition, Taiwan’s nine-in-one election held in November 2018 put more emphasis on the housing subsidy policy and the discussion on the perfection or urban renewal system than the suppression. However, people still showed a cautious attitude, and the issues related to housing would be possibly marginalized. The impact of the China-US trade war on the economic situation at home and abroad is also worthy of attention, which will affect the public's confidence in the future economy and the stock market. Consequently, the economic situation will be in the uncertainties of China-US trade friction. For the above reasons, it still needs to be prudent to Taiwan’s housing market in 2019.

Life insurance companies and electronics companies will be still the largest trading clusters of real estate in 2019. However, regarding the rental and reuse of commercial buildings, the international operators of shared office will play a critical role in the entire commercial building market in 2019. Its number in China and Hong Kong have doubled in recent years. For example in 16 cities in Asia-Pacific region, such as Shanghai, Hong Kong, Seoul, and Singapore, the area of shared offices achieved the growth rate higher than 50% during 2013~2017. In the first half of 2018, the shared office accounted for 15% of the total lease volume of the offices in Asia-Pacific Region, with the growth rate higher than 10% from the previous year. With more and more foreign companies stationed in Taiwan, it indicates the strong demand for shared office in Taiwan, which will show more significant influence on the overall lease market. The number of shared office operators will keep growing in 2019, which will become one of the key factors affecting the office market, including investment and leasing.

3. Correlation of upstream, mid-stream and downstream in the industry



The construction industry is mainly engaged in the business of house construction and sales, which is already a downstream industry. Therefore, as for the raw materials in the upstream, it mainly includes the operators of reinforced concrete and gravel, as well as the tiles, paints, plastics, planning, and interior decoration. The mid-stream is mainly the engineering companies. Some construction operators are already integrated with the businesses of the contracting companies, which are responsible for the procurement of raw materials and the construction operations. However, some other construction operators are only responsible for the procurement of related raw materials, and subcontract other works to the construction companies. The industrial correlation in the construction industry is affected by the upstream manufacturers the most. Once the upstream manufacturers increase the price of raw materials, they will shrink the profits of the construction companies, which will directly increase the construction cost, and will be eventually reflected on the price of the house. It is like the case of inflation caused by the oil crisis in the past years. Under the stress of comprehensive inflation, customers will buy the house in need at a relatively high cost.

4. Product development trend

In the self-occupied housing market, it shows the trend of higher volume but lower price. In Taipei City and New Taipei City, the prosperity of housing market is recovered by the houses with medium and small area, optimal planning and lower price. Besides the prosperity brought by the self-occupancy, some other customers or institutions with the intention to buy houses for investment start to enter the market for evaluation. Moreover, the sales volume of commercial real estate has also rebounded. However, there is still a gap in the price perception between buyers and sellers, and trade takes a long time. After the earthquake, people show more concern about the safety of architectural structure. It will be the key for the future sales to strengthen the construction quality. More and more construction companies have provided longer warranty period to make the consumers mind assured, which also shows positive influence on the development of housing market.

5.Competition situation

In the real estate market, the product planning must be based on the regional characteristics and the terrain of the base. The competition among the regional cases is mainly due to the fact that the product planning on the same land varies with different construction companies and architects. So it needs to adjust the product type quickly in real-time based on the market demand, which should be differentiated based on the characteristics of the regional customer clusters, so as to expand the company's operation scale with diverse products. In recent years, the Company mainly promotes the projects in the metropolitan area of Greater Taipei region. The optimized engineering technology and construction quality, sound financial planning, practical product design, and customer-oriented after-sales service, are the main competitive niches of the Company.

(3) Technical and R&D overview

With the persistence of profession, delicacy and rationalization, we provide humanized green residential, technological and visionary quality office products.

1. Delpha Villa won the 13th gold award in the category of villa in Taiwan.
2. Gongyuanlu won the 14th gold award in the category of high-rise residential building in Taiwan.
3. 『The Top of the World』-- the office building equipped with satellite broadband network was completed.
4. 『LEADER』 -- 5A automated and smart office building was completed.
5. 『Hangxia』 -- automated and smart office building was completed.
6. Shiji Luofu won the 1st Formosa golden-lion award in the category of construction -- automated and smart office building was completed.

＊Due to the industrial characteristics, the Company doesn’t require research and development of new products like the general manufacturing industry or other industries do, so it has no research and development expense.

(4) Short/long-term business development plans

1. Long-term business development plans

It establishes the brand marketing model based on the corporate philosophy of “plowing space and caring for the land”. Moreover, the Company adheres to the principle of selecting the best location and constructing the high-end residential buildings and modern office buildings that meet the needs of customers. The business development will focuses on:

(1) Intensity the market research and learn the market trend.
(2) Adjust the product positioning to meet the market demands.
(3) Strengthen the capabilities of salespersons, so as to expand business scale.

2. Short-term business development plans

Speed up the development of existing urban renewal projects, sell the available houses actively, stabilize the Company’s financial structure, and further strengthen the operations of the Company.

2. Market and Sales Overview

(1) Market analysis

1. Target regions for main products:

The Company’s products under construction are mainly the residential building located in the optimal segments of Taipei City.

2. Market share:

The revenue of the Company in 2018 was NT$1,212,121,000, which accounted for 0.34% of the listed companies in the construction industries in Taiwan.

3. Expected sales cases:

In 2019, the Company will be dedicated to:

(1) Promote the available commercial units for「Reading Green Life-Tianqin Special Zone」

(2) Planning, design and sale for the presale housing project「Yunhe Street」.

(3) Planning, design and sale for the presale housing project「Wuchang Street」.

4. Favorable and unfavorable factors for development

(1) Favorable factors:

A. The domestic prosperity is continuously recovered, and the interest rate is still at low level currently. People hold the view that land is wealth and expect the price rise, the real estate is still the general investment and hedging tool.

B. In recent years, the government has actively promoted various economic revitalization programs and major infrastructure constructions to drive the industrial development. It also provides many opportunities for construction companies, and will stimulate the prosperity of real estate market.

(2) Unfavorable factors:

A. Due to the increasingly scarce land and higher land price in the optimal segments of Greater Taipei region, the land acquisition cost is increased.

B. There are a large number of houses accumulated in the market. Moreover, the US has cancelled the quantitative easing (QE) policy and rose the interest rate again. Plus the China-US trade war, the promotion of tax reform, the financial loosening, Brexit and other black swan effects have caused the fluctuation in the global financial market. This would possibly affect the customer's confidence in housing.

(3) Countermeasures:

A. Cautiously evaluate development cases and strengthen product planning to increase the value-added to reduce the impact of higher costs.

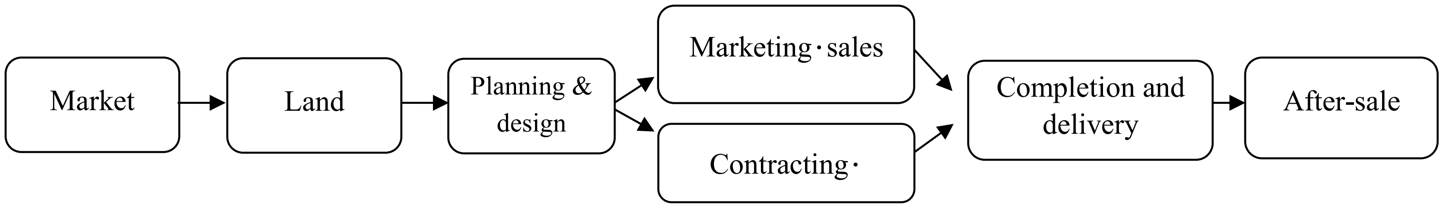
B. In addition to the optimal segments in the center of the city, it should also actively evaluate to acquire the suburban areas with high potential, and also expand diversified land development means, such as urban renewal projects or the joint construction of unsafe and old buildings.

C. Effectively take advantage of the value chain in the group, and properly deploy the investments into new business to strengthen diversified operations and achieve overall synergy.

(2) Key applications and production process of main products

1. The Company's products are mainly engaged in land development, planning, design, and construction, and the products are mainly divided into two categories: residential and commercial buildings. The residential buildings are for living purpose, ranging from free-standing low-rise houses to high-rise residential buildings. The commercial buildings are designed for business activities, including shops and high-rise office buildings.

2. Production process:



(3) Supply of main materials:

Land is the main raw material for the construction company. The Company actively develops and seeks suitable land mainly in the northern region.

(4) List of major suppliers and customers in the past two years

1. List of major suppliers in the past two years with gross purchases over 10%, as well as the reason for increase(decrease)

Data of major suppliers in the past two years

Unit: NT$1,000

	2017				2018				2019 and until March 31 (Note 2)			
Item	Company name	Amount	Ratio in the net amount of purchases in a year (%)	Relation with the issuer	Company name	Amount	Ratio in the net amount of purchases in a year (%)	Relation with the issuer	Company name	Amount	Ratio in the net amount of purchases in a year (%)	Relation with the issuer
1	Northern Region Office, National Property Administration, Ministry of Finance	6,735	35.36%	None	A	80,244	25.69%	None	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.			
2	Yufeng Construction Corp.	5,486	28.81%	None	B	65,798	21.07%	None				
3	KAIJET International Corp.	1,905	10.00%	None	C	60,332	19.32%	None				
4					D	32,533	10.42%	None				
5	Others	4,919	25.83%	None	Others	73,448	23.50%	None				
	Net amount of sales	19,045	100.00%			312,355	100.00%					

Note 1: List the major customers in the past two years with gross purchases over 10%, as well as amount and percentage of purchases. However, under the contract terms, it may not disclose the name of the customer or the trading counterparty if it is an individual or not a related party, which should be represented by a code.

Note 2: For the company that is publically listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 3: Reason for increase/decrease: Due to the industrial characteristics, the Company has no fixed contractor or supplier.

2. List of major suppliers in the past two years with gross sales over 10%

Data of major customers in the past two years

Unit: NT$1,000

	2017				2018				2019 and until March 31 (Note 2)
Item	Company name	Amount	Ratio in the net amount of sales in a year (%)	Relation with the issuer	Company name	Amount	Ratio in the net amount of sales in a year (%)	Relation with the issuer	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
1	Customer A	55,228	79.78%	None					
2	Others	13,997	20.22%		Others	1,212,121	100.00%		
	Net amount of sales	69,225	100.00%		Net amount of sales	1,212,121	100.00%		

Note 1: List the major customers in the past two years with gross sales over 10%, as well as amount and percentage of purchases. However, under the contract terms, it may not disclose the name of the customer or the trading counterparty if it is an individual or not a related party, which should be represented by a code.

Note 2: For the company that is publically listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 3: Reason for increase/decrease: Due to the industrial characteristics, the Company has no fixed customer.

(5)Outputs in the past two years

Unit: NT$1,000

Year / Production / Main commodity	2017			2018		
	Capacity(Ping = 3.3 square meters)	Output(Units)	Output value	Capacity(Ping = 3.3 square meters)	Output(Units)	Output value
Shitan Section case A	-	-	-	-	-	-
Shitan Section case B	-	-	-	-	-	-
Total	-	-	-	-	-	-

Note: The cost is recognized by the completed contract method, and the output is recognized and calculated based on the completion year.

(6) Sales in the past two years

Unit: NT$1,000

Year / Sales / Main commodity	2017		2018	
	Domestic sale		Domestic sale	
	Volume(Ping = 3.3 square meters)	Value	Volume(Ping = 3.3 square meters)	Value
Shitan Section case A (Huyue Tianqin)	—	—	1,891.07	1,029,287
Shitan Section case B (Huyue Tianyun)	89.55	55,228	324.13	169,943
Xinyi case B (Xinyi Xiangxie)	42.93	6,449	-	-
Shenghuojia (Life Artist) Part A			7.28	726
Taiyuan Road			3.38	4,997
Rental income	—	7,548	-	7,168
Total	132.48	69,225	2,225.86	1,212,121

3. Information on Employees in the Past Two Years and as of the Annual Report publication date:

Year		2017	2018	April 30, 2019
Number of employees	Chairman's Office	3	3	3
	GM's Office	13	12	12
	Finance & Accounting Dept.	7	7	7
	Business Dept.	4	4	4
	Engineering Management Dept.	6	6	6
	Subsidiaries	2	2	2
	Total	35	34	34
Average length of service		11.63	12.51	12.83
Average age		47.82	49.38	49.73
Distribution of education levels%	Doctor	--	--	--
	Master	11%	12%	12%
	College	80%	79%	79%
	High School	3%	3%	3%
	Below than high school	6%	6%	6%

Note: The length of service is calculated since June 16, 2001.

4. Environmental Expenditure Information

(1) The total amount of losses due to environmental pollution in the most recent year and as of the Annual Report publication date: None.

(2) Countermeasures and estimated expenditures in the future:

1. The cases invested by the Company are contracted by the construction company. The contractor is liable for the environmental protection in the construction process. It doesn't need to apply for license for pollution facility, approval for pollution discharge and payment of pollution prevention costs or set up a unit or assign a person responsible for the environmental protection.
2. For all environmental protection works such as reduction of construction noise, prevention of dust blowing or falling of gravel, the construction companies are strictly required to establish the most comprehensive measures, and fulfill their environmental responsibility.
3. Estimated expenditures in the future: None.

5. Labor Relations:

(1) Current labor agreement and implementation of various measures:

1. Welfare measures:

The Company has always been committed to providing a good workplace and welfare system. In addition to labor insurance and national health insurance, we plan to establish the following employee benefits based on the needs of employees and their quality of life:

. Group insurance
. Labor Retirement Reserves Supervision Committee
. Employee welfare committee
. Cash gifts and vacation for the three important Chinese festivals
. Regular staff health checkup
. Discounts for staff purchasing self-occupied houses
. Employee stock subscription
. Employee compensation

2. Retirement system and implementation:

To strengthen the employee's intention to provide long-term professional service, care for the retirement life of workers, improve work efficiency, and promote harmonious labor relations, the Company has established the Labor Retirement Reserves Supervision Committee and set aside certain amount and deposited into individual pension accounts. Those who have worked for more than 15 years and have reached the age of 55 and have worked for more than 25 years, or who have worked for more than 10 years and have reached the age of 60, may apply for retirement. For those who are above the age of 65, but work in the special positions that are dangerous or require strong physical strength, the business must report to the central competent authority for adjustment, which should be not younger than the age of 55 years. Or those who are incapable of the work due to the mental or physical disabilities, will be ordered to retire. After the implementation of this regulation, it has indeed strengthened the employee's intention to work in the Company for a long time.

In response to the new retirement system implemented by the government, for those who choose the new system, the Company sets aside 6% of the employee's monthly salary since July, 2005 , which is deposited into the individual retirement account of the Bureau of Labor Insurance.

3. Other important agreements: None.

(2) List any loss sustained as a result of labor disputes in the recent year and as of the Annual Report publication date, the estimated amount and countermeasures to be taken in the future:

The Company has always attached great importance to labor relations, and has established various personnel and welfare systems. The communication channels between labors and employers are adequate. There have been no labor disputes that have caused loss for the Company. Moreover, such labor dispute is not likely to occur in the Company in the future.

(3) Certificate specified by the competent authority and acquired by the personnel related to the transparency of financial information in the Company:

1. Internal Chief Auditor (Li,Mei-Chan)—acquired the CIA certificate.

(4) Continuing education of the directors in the Company

Name	Title	Course name	Training hours
LIN,Chao-Jung	Representative of institutional director	Exploration on the latest key amendments to the company act and the practice	3 hours
		Case study on the determination of crime on breach of trust or on special breach of trust for directors and supervisors	3 hours
Chang, Chang-Ter	Independent director	Summit of new corporate governance blueprint for public companies	3 hours
		ESG investment forum	3 hours
Tseng, Ping-Joung	Independent director	Summit of new corporate governance blueprint for public companies	3 hours
		How to direct the Company to strengthen internal control and internal audit system for the directors and supervisors	3 hours
Jhan, Zong-Ren	Independent director	Insider equity transaction law compliance initiatives for public companies	3 hours

(5) Continuing education and training related to corporate governance attended by the managerial officers

Name	Title	Course name	Training hours
Cheng Hsiung,Yeh	VP of Finance & Accounting Dept. (Financial Manager)	Investor's relation forum	3 hours
		xGDPR response measures to the great reform of the Company Act	3 hours
		Insider equity transaction law compliance initiatives for public companies	3 hours
		Taipei forum of corporate governance	3 hours
		2018 business initiative for public companies	3 hours

(6) Employee continuing education and training:

The situation of the Company's employee continuing education and training in 2018 is as below:

Number of trainees	42
Expense	NT$33,500
Course name/ (training institution) 1・2018 CTBC stock affair laws briefing (CTBC Agency Department) 2・IFRS advocacy- IFRS16 lease (TWSE) 3・2018 corporate governance evaluation advocacy (TWSE)	

4・Meeting for speeding up the re-construction of unsafe and old buildings in Taipei City (Department of Urban Development, Taipei City Government)
5・2018 insider transaction prevention initiative (TWSE)
6・Interpretation of construction related laws recently (The Real Estate Development Association of Taipei)
7・Interpretation of urban construction related laws in Taipei City(Department of Urban Development, Taipei City Government)
8・Insider equity transaction law compliance initiatives for public companies (TWSE)
9・Study of the latest labor inspection cases and the computer audit practice of the enterprise payroll and personnel cycle (Accounting Research and Development Foundation)
10・xGDPR response measures to the great reform of the Company Act (Small and Medium Enterprise Administration, Ministry of Economic Affairs)
11・The latest amendments to the labor laws and the internal control practice of breach cases recently (Accounting Research and Development Foundation)
12・2018 business initiative for public companies (TWSE)
13・Analysis of the latest amendments to the Company Act and the practice planning (MOORE STEPHENS INTERNATIONAL LIMITED)
14・E-exchange system in the financial market (Concords)
15・2018 business initiative for public companies (TWSE)
16・Power BI(II) visualized risk dashboard design and analysis (The Institute of Internal Auditors)
17・Advocacy of promoting the adoption of the Inline XBRL to submit the financial reports (Accounting Research and Development Foundation)
18・Training class lectured by the professional personnel of promoting the reconstruction of unsafe and old constructions (China Real Estate Research and Development Association)
19・Response of the impact from the latest amendments to the Company Act in internal control practice (Accounting Research and Development Foundation)
20・Practice of introduction of IFRS16-lease (TWSE)
21・Further study program for the accounting chief of the issuers and securities exchange (Accounting Research and Development Foundation)
22・Interpretation of IFRS16-lease (Accounting Research and Development Foundation)
23・Interpretation of the latest amendments to the Company Act and the practice (Grand Fortune Securities)

(7) Code of Conduct or Ethical Code of Conduct:

The Company hasn’t formulated the Code of Conduct or the Ethical Code of Conduct. However, in the Employee Handbook or the Employee Awards/Punishments Regulation, the employee’s conducts or ethics are regulated as below:

Employee Handbook:

1. Employees may not sign contract or provide guarantees for debts of others in the name of the Company or in the name of the position.
2. Employees shall be liable for confidentiality of the secrets of the Company.

3. Employees are not allowed to carry the public property and public facilities out of the office for private use.
4. The regulations for the telephone etiquette of the employees.

Employee Awards/Punishments Regulation (briefed as below):

1. Awards regulations are clearly defined (Article 3)
   (1) For those who provide warm service, help others, work hard to complete major or special assignments in a timely manner, improve work methods, and show creativity, it should be provided with compliments and bonuses.
   (2) For those who propose improvement suggestions for engineering technology that are adopted by the Company, or save materials or costs effectively, it should record merits and provide bonuses.
   (3) For those who maintain the employee safety, take risks to complete assignments and make achievements, safeguard the main benefits of the Company, and avoid material loss, it should record major merits and provide bonuses.
2. Punishment regulations are clearly defined (Article 5)
   (1) For those who are absent for work for a day without any reason, causes the data leakage of the Company's documents due to the negligence, make minor mistakes at work, disobey the reasonable instruction from the supervisor, it should record demerits and result in punishments.
   (2) For those who are absent for work for 1~3 days without any reason, shuffle the responsibilities without any reason, causes major losses or governmental penalty or blemish the corporate image of the Company due to the negligence, it should record demerits and result in punishments.
   (3) For those who are absent for work for more than 3 consecutive days without any reason, are absent without leave, drink alcohol in the workplace during the working hours, cause trouble to affect the order of works and groups, destroy or alter important documents or public property, deliberately disseminate false statements to affect the reputation of the Company or the employees, collect the Company's confidential data unrelated to the duties intentionally, it should record major demerits and result in punishments.

(8)Working environment and protection measures taken for employee safety:

Item	Content
Door access security	The company has a door access monitoring system and signs contract with the security company.
Fire safety	It inspects the standards compliance of fire facilities and performs the fire security test randomly.
Drinking water safety	The Company regularly replaces the drinking water filter.
Safety in construction site	When accessing the construction site, it is required to put on helmet, and follow the construction site safety regulations. The construction project follows the labor safety and health laws and regulations promulgated by the government.
Physiological health	The Company regularly conducts health checkups for employees.
Insurance	The Company purchases group insurance for employees.

6. Important Contracts (The contracts that are still effective as of the Annual Report publication date and are going to be expired within the most recent year)

(1)The contracts that are still effective as of the Annual Report publication date:

Contract type	Party	Contract duration	Contract content	Restrictions
Architect contract	GUO,XU-YUAN Architects Firm	2022.04.20~completion of the project	Land lot No. 154-2, 154-3, 154-6, 155-3, 155-4, 156, 157, 157-2, 158, 158-2, and 159, the 1st Subsection, Huasheng Section, Da'an District, Taipei City	None
Architect contract	Architects Firm	2019.01.22 completion of the project	5 land lots including No. 309-1, the 1st Subsection, Longquan Section, Da'an District, Taipei City	None
Architect contract	HUANG,JIONG-XIANG Architects Firm	2017.08.23 completion of the project	14 land lots including No. 573-1, the 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City	None
Construction contract	Kawabishi Industrial Co.,LTD.	2014.11.04 completion of the project	Land lot No. 317, the 4th Subsection, Shitan Section, Neihu District, Taipei City	None
Construction contract	Home Delux Corp.	2014.12.01 completion of the project	Land lot No. 317, the 4th Subsection, Shitan Section, Neihu District, Taipei City	None
Construction contract	Home Delux Corp.	2014.12.01 completion of the project	Land lot No. 321, the 4th Subsection, Shitan Section, Neihu District, Taipei City	None
Construction contract	Laideer Interior Design Engineering Corp.	2016.12.01 completion of the project	Tianqi B1 VIP decoration project	None

Design contract	Puyi Design Consultation Co., Ltd.	2012.04.20 completion of the project	Land lot No. 154-2, 154-3, 154-6, 155-3, 155-4, 156, 157, 157-2, 158, 158-2, and 159, the 1st Subsection, Huasheng Section, Da'an District, Taipei City	None
Design contract	Ruyu Design Co., Ltd.	2018.04.23 completion of the project	14 land lots including No. 573-1, the 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City	None
Design contract	Bohui Design Corp.	2019.01.22 completion of the project	5 land lots including No. 309-1, the 1st Subsection, Longquan Section, Da'an District, Taipei City	None
Joint construction contract	Jiantan Temple	2019.01.31 completion of the project	14 land lots including No. 573-1, the 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City	None
Joint construction contract	Taipei Liukong Irrigation Association	2019.02.18 completion of the project		None
Joint construction contract	Seven related parties including LIN,XING-XIONG	2019.02.22 completion of the project		None

(2) The contracts that are going to be expired within the most recent year:

Contract type	Party	Contract duration	Contract content	Restrictions
Architect contract	LI,WEN-SHENG Architects Firm	2017.06.22~ 2019.01.22	5 land lots including No. 309-1, the 1st Subsection, Longquan Section, Da'an District, Taipei City	None
Construction contract	Fuxing Construction Corp.	2013.03.30~ 2018.07.20	Land lot No. 317, the 4th Subsection, Shitan Section, Neihu District, Taipei City	None
Construction contract	Fuxing Construction Corp.	2013.03.30~ 2018.07.20	Land lot No. 321, the 4th Subsection, Shitan Section, Neihu District, Taipei City	None
Design contract	Old Farmer Landscape Architecture Co.	2011.07.28~ 2018.10.25	Land lot No. 317 and 321, the 4th Subsection, Shitan Section, Neihu District, Taipei City	None
Design contract	POSAMO Design Corp.	2012.09.20~ 2018.10.25	Land lot No. 317 and 321, the 4th Subsection, Shitan Section, Neihu District, Taipei City	None
Design contract	Bohui Design Corp.	2017.06.22~ 2019.01.22	5 land lots including No. 309-1, the 1st Subsection, Longquan Section, Da'an District, Taipei City	None

【Financial Information】

1. Condensed Balance Sheet and Statement of Comprehensive Income in the Past Five Years, and the CPA's Audit Opinion

(1) Condensed Balance Sheet and Statement of Comprehensive income

1. Condensed Balance Sheet – based on IFRS (Consolidated)

Unit: NT$1,000

Item / Year		Financial data in the past five years (Note 1)					
		2014	2015	2016	2017	2018	Financial data of the current year until M D Y (Note 3)
Current assets		8,130,381	7,295,045	6,144,141	5,588,134	4,990,988	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Property, plant and equipment (Note2)		69,430	65,637	63,540	123,141	120,413	
Intangible assets		--	--	--	--	--	
Other assets(Note 2)		181,022	178,203	32,246	27,969	26,991	
Total assets		8,380,833	7,538,885	6,239,927	5,739,244	5,138,392	
Current liabilities	Before distribution	5,368,203	3,684,481	2,413,508	1,588,711	902,567	
	After distribution	5,368,203	4,117,685	2,630,110	1,588,711	NA	
Non-current liabilities		40,256	35,005	24,687	687,709	742,686	
Total liabilities	Before distribution	5,408,459	3,719,486	2,438,195	2,276,420	1,645,253	
	After distribution	5,408,459	4,152,690	2,654,797	2,276,420	NA	
Equity attributable to owner of the parent company		2,871,937	3,551,806	3,539,188	3,208,469	3,244,403	
Capital stock		2,707,525	2,707,525	2,707,525	2,707,525	2,707,525	
Capital reserve		8,828	8,828	8,828	8,929	9,240	
Retained earnings	Before distribution	210,512	871,408	858,790	527,970	560,721	
	After distribution	210,512	438,204	642,188	527,970	NA	
Other equity		--	--	--	--	(5,322)	
Treasury stock		(54,928)	(35,955)	(35,955)	(35,955)	(27,761)	
Non-controlling interests		100,437	267,593	262,544	254,355	248,736	
Total equity	Before distribution	2,972,374	3,819,399	3,801,732	3,462,824	3,493,139	
	After distribution	2,972,374	3,386,195	3,585,130	3,462,824	NA	

＊If the individual financial report is prepared by the Company, it should prepare the individual Condensed Balance Sheet and Statement of Comprehensive Income for the past five years additionally.

＊If the IFRS is adopted in the financial statements for less than 5 years, it should prepare the financial statement based on the GAAP as shown in Table (2) as below.

Note 1: The years that are not audited by CPA should be marked.

Note 2: If the Company has performed the revaluation in the current year, it should list the revaluation date and amount.

Note 3: For the company that is publically listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 4: The figure after the distribution of the last time should be listed based on the resolution during the shareholders' meeting in the next year.

Note 5: If the financial data is corrected or re-compiled upon the notice of the competent authority, it should list the updated figure, and specify the situation and reason.

2. Condensed Statement of Comprehensive Income-based on IFRS (Consolidated)

Unit: NT$1,000

Item \ Year	Financial data in the past five years (Note 1)					
	2014	2015	2016	2017	2018	Financial data of the current year until M D Y (Note 2)
Operating income	9,850	3,220,299	2,357,723	69,225	1,212,121	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Gross profit/loss	5,493	943,046	736,052	11,402	198,053	
Operating profit/loss	(127,647)	723,028	520,576	(107,165)	68,178	
Non-operating income and expense	(57,280)	(2,019)	(45,193)	(9,881)	(33,514)	
Net profit(loss) before tax	(184,927)	721,009	475,383	(117,046)	34,664	
Net profit(loss) of continuing operations in the current period	--	--	--	--	--	
Loss of discontinued operations	--	--	--	--	--	
Net profit (loss) of the current period	(185,102)	684,918	416,176	(122,409)	20,066	
Other comprehensive gains/losses of the current period (Net amount after tax)	635	(1,017)	(639)	2	(577)	
Total comprehensive income of the current term	(184,467)	683,901	415,537	(122,407)	19,489	
Net profit/loss attributable to owner of the parent company	(173,997)	694,519	421,225	(114,220)	26,874	
Net profit/loss attributable to non-controlling interest	(11,105)	(9,601)	(5,049)	(8,189)	(6,808)	
Total comprehensive profit/loss attributable to owner of the parent company	(173,362)	693,502	420,586	(114,218)	26,301	
Total comprehensive income attributable to non-controlling interest	(11,105)	(9,601)	(5,049)	(8,189)	(6,812)	
EPS	(0.65)	2.59	1.57	(0.43)	0.10	

＊If the individual financial report is prepared by the Company, it should prepare the individual Condensed Balance Sheet and Statement of Comprehensive Income for the past five years additionally.

＊If the IFRS is adopted in the financial statements for less than 5 years, it should prepare the financial statement based on the GAAP as shown in Table (2) as below.

Note 1: The years that are not audited by CPA should be marked.

Note 2: For the company that is publically listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 3: Loss of discontinued operations is listed based on the net amount deducted with the income tax.

Note 4: If the financial data is corrected or re-compiled upon the notice of the competent authority, it should list the updated figure, and specify the situation and reason.

3. Condensed Balance Sheet - based on IFRS (Individual)

Unit: NT$1,000

Item \ Year		Financial data in the past five years (Note 1)					Financial data of the current year until M D Y (Note 3)
		2014	2015	2016	2017	2018	
Current assets		6,917,123	5,990,981	4,845,724	4,337,053	3,691,488	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Property, plant and equipment (Note2)		69,430	65,637	63,425	61,157	58,845	
Intangible assets		--	--	--	--	--	
Other assets(Note2)		316,609	574,317	424,229	411,871	409,291	
Total assets		7,303,162	6,630,935	5,333,378	4,810,081	4,159,624	
Current liabilities	Before distribution	4,412,064	3,059,035	1,783,207	1,575,254	895,534	
	After distribution	4,412,064	3,492,239	1,999,809	1,575,254	NA	
Non-current liabilities		19,161	20,094	10,983	26,358	19,687	
Total liabilities	Before distribution	4,431,225	3,079,129	1,794,190	1,601,612	915,221	
	After distribution	4,431,225	3,512,333	2,010,792	1,601,612	NA	
Equity		2,871,937	3,551,806	3,539,188	3,208,469	3,244,403	
Capital stock		2,707,525	2,707,525	2,707,525	2,707,525	2,707,525	
Capital reserve		8,828	8,828	8,828	8,929	9,240	
Retained earnings	Before distribution	210,512	871,408	858,790	527,970	560,721	
	After distribution	210,512	438,204	642,188	527,970	NA	
Other equity		--	--	--	--	(5,322)	
Treasury stock		(54,928)	(35,955)	(35,955)	(35,955)	(27,761)	
Non-controlling interests		--	--	--	--	--	
Total equity	Before distribution	2,871,937	3,551,806	3,539,188	3,208,469	3,244,403	
	After distribution	2,871,937	3,118,602	3,322,586	3,208,469	NA	

＊If the individual financial report is prepared by the Company, it should prepare the individual Condensed Balance Sheet and Statement of Comprehensive Income for the past five years additionally.

＊If the IFRS is adopted in the financial statements for less than 5 years, it should prepare the financial statement based on the GAAP as shown in Table (2) as below.

Note 1: The years that are not audited by CPA should be marked.

Note 2: If the Company has performed the revaluation in the current year, it should list the revaluation date and amount.

Note 3: For the company that is publically listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 4: The figure after the distribution of the last time should be listed based on the resolution during the shareholders' meeting in the next year.

Note 5: If the financial data is corrected or re-compiled upon the notice of the competent authority, it should list the updated figure, and specify the situation and reason.

4. Condensed Statement of Comprehensive Income–based on IFRS (Individual)

Unit: NT$1,000

Item \ Year	Financial data in the past five years (Note 1)					Financial data of the current year until M D Y (Note 2)
	2014	2015	2016	2017	2018	
Operating income	2,689	3,212,791	2,349,615	62,761	1,201,069	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Gross profit/loss	(1,668)	935,538	727,944	4,938	192,057	
Operating profit/loss	(126,856)	722,489	521,210	(99,240)	69,949	
Non-operating income and expense	(47,079)	8,121	(40,807)	(9,416)	(28,510)	
Net profit(loss) before tax	(173,935)	730,610	480,403	(108,656)	41,439	
Net profit(loss) of continuing operations in the current period	--	--	--	--	--	
Loss of discontinued operations	--	--	--	--	--	
Net profit (loss) of the current period	(173,997)	694,519	421,225	(114,220)	26,874	
Other comprehensive gains/losses of the current period (Net amount after tax)	635	(1,017)	(639)	2	(573)	
Total comprehensive income of the current term	(173,362)	693,502	420,586	(114,218)	26,301	
Net profit/loss attributable to owner of the parent company	--	--	--	--	--	
Net profit/loss attributable to non-controlling interest	--	--	--	--	--	
Total comprehensive profit/loss attributable to owner of the parent company	--	--	--	--	--	
Total comprehensive income attributable to non-controlling interest	--	--	--	--	--	
EPS	(0.65)	2.59	1.57	(0.43)	0.10	

＊If the individual financial report is prepared by the Company, it should prepare the individual Condensed Balance Sheet and Statement of Comprehensive Income for the past five years additionally.

＊If the IFRS is adopted in the financial statements for less than 5 years, it should prepare the financial statement based on the GAAP as shown in Table (2) as below.

Note 1: The years that are not audited by CPA should be marked.

Note 2: For the company that is publically listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 3: Loss of discontinued operations is listed based on the net amount deducted with the income tax.

Note 4: If the financial data is corrected or re-compiled upon the notice of the competent authority, it should list the updated figure, and specify the situation and reason.

(2) Condensed Balance Sheet and Statement of Comprehensive Income- based on GAAP

None. The IFRS is adopted by the Company in the financial statements for more than 5 years, it is not required to provide such reports.

＊Capitalized amount of interests:

2014	NT$63,515,000	2017	NT$0
2015	NT$50,584,000	2018	NT$0
2016	NT$0		

(3) The names of CPAs and their audit opinions in the past five years

1. The names of CPAs and their audit opinions:

Year	Name of CPA	Audit opinion
2014	WU,JIA-HONG、HUANG,SHU-YUAN	Unqualified
2015	ZHUANG,SHU-YUAN、Kuo,Chenyu	Unqualified
2016	Kuo,Chenyu、Chen, Kuang-Hui	Unqualified
2017	Kuo,Chenyu、Chen, Kuang-Hui	Unqualified
2018	Chen,Kuang-Hui, Yau,Yu Lin	Unqualified

2. CPA replacement reasons in the past five years:

☆The Company co-operated with internal rotation ofMOORE STEPHENS INTERNATIONAL LIMITED in 2014, so it changed to appoint CPAZHUANG,SHU-YUAN、HUANG,SHU-YUAN.

☆The Company co-operated with internal rotation ofMOORE STEPHENS INTERNATIONAL LIMITED in 2015, so it changed to appoint CPAZHUANG,SHU-YUAN、Kuo,Chenyu.

☆The Company co-operated with internal rotation ofMOORE STEPHENS INTERNATIONAL LIMITED in 2016, so it changed to appoint CPAKuo,Chenyu、Chen, Kuang-Hui.

☆The number of CPAs auditing a public company failed to meet the provisions of Article 4 of “Regulations Governing Approval of Certified Public Accountants to Audit and Attest to the Financial Reports of Public Companies”, so MOORE STEPHENS INTERNATIONAL LIMITED proposed to terminate the CPA appointment for finance statement of the Company in 2018.

2. Financial Analysis for the Past Five Years

(1) Financial analysis - based on IFRS (Consolidated)

Analysis item (Note 3) \ Year(Note 1)		Financial analysis in the past five years					
		2014	2015	2016	2017	2018	Financial data of the current year until M D Y (Note 2)
Financial structure (%)	Debt Ratio	64.53	49.34	39.07	39.66	32.02	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
	Ratio of long-term capital to property, plant and equipment	4,339.09	5,872.30	6,022.06	3,370.55	3,517.75	
Solvency (%)	Current ratio	151.45	197.99	254.57	351.74	552.98	
	Quick ratio	16.07	39.81	45.43	36.87	72.75	
	Times interest earned ratio	(1.68)	8.62	16.72	(2.02)	2.13	
Operational capability	Accounts receivable turnover (times)	0.54	165.90	46.28	1.71	406.62	
	Average collection days	675.92	2.20	7.88	213.45	0.89	
	Inventory turnover (times)	0.00	0.34	0.28	0.01	0.20	
	Accounts payable turnover (times)	0.11	15.71	6.69	0.39	24.25	
	Average days in sales	NA	1,073.52	1,303.57	36,500.00	1,825.00	
	Property, plant and equipment turnover (times)	0.14	47.68	36.50	0.74	9.95	
	Total assets turnover (times)	0.00	0.40	0.34	0.01	0.22	
Profitability	Return on total assets (%)	(1.95)	8.99	6.41	(1.51)	0.82	
	Return on stockholders' equity (%)	(6.04)	20.17	10.92	(3.37)	0.58	
	Pre-tax net profit to paid-in capital (%) (Note 7)	(6.83)	26.63	17.56	(4.32)	1.28	
	Profit margin (%)	(1,879.21)	21.27	17.65	(176.83)	1.66	
	EPS (NT$)	(0.65)	2.59	1.57	(0.43)	0.10	
Cash flow	Cash flow ratio (%)	0.65	66.57	--	13.06	66.93	
	Cash flow adequacy ratio (%)	--	--	210.52	232.63	297.18	
	Cash reinvestment ratio (%)	1.16	63.41	(11.27)	(0.22)	14.19	
Leverage	Operating leverage	0.47	1.18	1.18	0.17	1.97	
	Financial leverage	0.81	1.05	1.06	0.73	1.82	

Analysis of significant changes in financial ratio over the last two years. (Not required if the change does not exceed 20%.)

	2017	2018	Change ratio	Analysis of Change ratio higher than 20%
Debt Ratio	39.66	32.02	-19%	--
Ratio of long-term capital to property, plant and equipment	3,370.55	3,517.75	4%	--
Current ratio	351.74	552.98	57%	The main reason is the sales of inventory and the repayment of the short-term loan, so the ratio is increased.
Quick ratio	36.87	72.75	97%	The main reason is the sales of inventory and the repayment of the short-term loan, so the ratio is increased.
Times interest earned ratio	(2.02)	2.13	-205%	The main reason is the pre-tax net profit is increased, so it is increased accordingly.
Accounts receivable turnover (times)	1.71	406.62	23679%	The main reason is the net amount of sales in the current period is increased, so the turnover ratio is increased.
Average collection days	213.45	0.89	-100%	1. The credit policy in the current period is the same as that of the previous period. 2. The turnover ratio of the receivables in the current period is increased, so the average collection days are decreased.
Inventory turnover (times)	0.39	24.25	6118%	The main reason is the sales cost in the current period is increased, so the turnover ratio is increased.
Accounts payable turnover (times)	0.01	0.20	1900%	The main reason is the sales cost in the current period is increased, so the turnover ratio is increased.
Average days in sales	36,500.00	1,825.00	-95%	The inventory turnover ratio of the current period is increased, so the average days in sales are decreased.
Property, plant and equipment turnover (times)	0.74	9.95	1245%	The main reason is the net amount of sales in the current period is increased, so the turnover ratio is increased.
Total assets turnover (times)	0.01	0.22	2100%	The main reason is the net amount of sales in the current period is increased, so the turnover ratio is increased.
Return on total assets	(1.51)	0.82	-156%	The main reason is the after-tax net profit in the current period is increased, so the ratio is increased.
Return on stockholders' equity	(3.37)	0.58	-117%	The main reason is the after-tax net profit in the current period is increased, so the ratio is increased.
Pre-tax net profit to paid-in capital	(4.32)	1.28	-130%	The main reason is the pre-tax profit in the current period is increased, so the ratio is increased.
Profit margin	(176.83)	1.66	-101%	The main reason is the net amount of sales and the after-tax net profit in the current period are both increased, so the ratio is increased.
EPS (NT$)	(0.43)	0.10	-123%	The main reason is the after-tax net profit in the current period is increased, so the EPS is increased.
Cash flow ratio	13.06	66.93	412%	The main reason is the cash inflow of operating activity in the current period.
Cash flow adequacy ratio	232.63	297.18	28%	The main reason is the higher cash flow ratio of operating activity.
Cash reinvestment ratio	(0.22)	14.19	-6550%	The main reason is the higher cash flow ratio of operating activity.
Operating leverage	0.17	1.97	1059%	The main reason is the increase of the operating income in the current period.
Financial leverage	0.73	1.82	149%	The main reason is the increase of the operating profit in the current period.

(2) Financial analysis - based on IFRS (Individual)

<table>
<tr><td colspan="2" rowspan="2">Year (Note 1)
Analysis item (Note 3)</td><td colspan="6">Financial analysis in the past five years</td></tr>
<tr><td>2014</td><td>2015</td><td>2016</td><td>2017</td><td>2018</td><td>Financial data of the current year until M D Y (Note 2)</td></tr>
<tr><td rowspan="2">Financial structure (%)</td><td>Debt Ratio</td><td>60.68</td><td>46.44</td><td>33.64</td><td>33.30</td><td>22.00</td><td rowspan="23">There is no financial data audited by the CPA in the current year and as of the Annual Report</td></tr>
<tr><td>Ratio of long-term capital to property, plant and equipment</td><td>4,164.05</td><td>5,441.90</td><td>5,597.43</td><td>5,289.38</td><td>5,546.93</td></tr>
<tr><td rowspan="3">Solvency (%)</td><td>Current ratio</td><td>156.78</td><td>195.85</td><td>271.74</td><td>275.32</td><td>412.21</td></tr>
<tr><td>Quick ratio</td><td>19.19</td><td>46.62</td><td>59.53</td><td>34.98</td><td>66.36</td></tr>
<tr><td>Times interest earned ratio</td><td>(2.50)</td><td>11.89</td><td>35.02</td><td>(3.50)</td><td>3.60</td></tr>
<tr><td rowspan="7">Operational capability</td><td>Accounts receivable turnover (times)</td><td>0.15</td><td>169.34</td><td>46.43</td><td>1.56</td><td>562.69</td></tr>
<tr><td>Average collection days</td><td>2,433.33</td><td>2.15</td><td>7.86</td><td>233.97</td><td>0.64</td></tr>
<tr><td>Inventory turnover (times)</td><td>0.00</td><td>0.41</td><td>0.36</td><td>0.01</td><td>0.27</td></tr>
<tr><td>Accounts payable turnover (times)</td><td>0.11</td><td>15.71</td><td>6.69</td><td>0.39</td><td>24.32</td></tr>
<tr><td>Average days in sales</td><td>NA</td><td>890.24</td><td>1,013.88</td><td>36,500.00</td><td>1,351.85</td></tr>
<tr><td>Property, plant and equipment turnover (times)</td><td>0.04</td><td>47.57</td><td>36.41</td><td>1.01</td><td>20.02</td></tr>
<tr><td>Total assets turnover (times)</td><td>0.00</td><td>0.46</td><td>0.39</td><td>0.01</td><td>0.27</td></tr>
<tr><td rowspan="5">Profitability</td><td>Return on total assets (%)</td><td>(2.39)</td><td>10.11</td><td>7.24</td><td>(1.86)</td><td>0.89</td></tr>
<tr><td>Return on stockholders' equity (%)</td><td>(5.88)</td><td>21.62</td><td>11.88</td><td>(3.39)</td><td>0.83</td></tr>
<tr><td>Pre-tax net profit to paid-in capital (%) (Note 7)</td><td>(6.42)</td><td>26.98</td><td>17.74</td><td>(4.01)</td><td>1.53</td></tr>
<tr><td>Profit margin (%)</td><td>(6,470.70)</td><td>21.62</td><td>17.93</td><td>(181.99)</td><td>2.24</td></tr>
<tr><td>EPS (NT$)</td><td>(0.65)</td><td>2.59</td><td>1.57</td><td>(0.43)</td><td>0.10</td></tr>
<tr><td rowspan="3">Cash flow</td><td>Cash flow ratio (%)</td><td>3.13</td><td>83.60</td><td>--</td><td>13.16</td><td>74.61</td></tr>
<tr><td>Cash flow adequacy ratio (%)</td><td>--</td><td>--</td><td>249.22</td><td>275.00</td><td>354.54</td></tr>
<tr><td>Cash reinvestment ratio (%)</td><td>5.01</td><td>80.39</td><td>(13.68)</td><td>(0.33)</td><td>23.09</td></tr>
<tr><td rowspan="2">Leverage</td><td>Operating leverage</td><td>0.52</td><td>1.17</td><td>1.17</td><td>0.20</td><td>1.85</td></tr>
<tr><td>Financial leverage</td><td>0.97</td><td>1.02</td><td>1.03</td><td>0.80</td><td>1.30</td></tr>
</table>

Analysis of significant changes in financial ratio over the last two years. (Not required if the change does not exceed 20%.)

	2017	2018	Change ratio	Analysis of Change ratio higher than 20%
Debt Ratio	33.30	22.00	-34%	The main reason is the repayment of the loan in the current period, so the ratio is decreased.
Ratio of long-term capital to property, plant and equipment	5,289.38	5,546.93	5%	--
Current ratio	275.32	412.21	50%	The main reason is the sales of inventory and the repayment of the short-term loan, so the ratio is increased.
Quick ratio	34.98	66.36	90%	The main reason is the sales of inventory and the repayment of the short-term loan, so the ratio is increased.
Times interest earned ratio	(3.50)	3.60	-203%	The main reason is the pre-tax net profit is increased, so it is increased accordingly.
Accounts receivable turnover (times)	1.56	562.69	35970%	The main reason is the net amount of sales in the current period is increased, so the turnover ratio is increased.
Average collection days	233.97	0.64	-100%	1. The credit policy in the current period is the same as that of the previous period. 2. The turnover ratio of the receivables in the current period is increased, so the average collection days are decreased.
Inventory turnover (times)	0.39	24.32	6136%	The main reason is the sales cost in the current period is increased, so the turnover ratio is increased.
Accounts payable turnover (times)	0.01	0.27	2600%	The main reason is the sales cost in the current period is increased, so the turnover ratio is increased.
Average days in sales	36,500.00	1,351.85	-96%	The inventory turnover ratio of the current period is increased, so the average days in sales are decreased.
Property, plant and equipment turnover (times)	1.01	20.02	1882%	The main reason is the net amount of sales in the current period is increased, so the turnover ratio is increased.
Total assets turnover (times)	0.01	0.27	2600%	The main reason is the net amount of sales in the current period is increased, so the turnover ratio is increased.
Return on total assets	(1.86)	0.89	-148%	The main reason is the after-tax net profit in the current period is increased, so the ratio is increased.
Return on stockholders' equity	(3.39)	0.83	-124%	The main reason is the after-tax net profit in the current period is increased, so the ratio is increased.
Pre-tax net profit to paid-in capital	(4.01)	1.53	-138%	The main reason is the pre-tax profit in the current period is increased, so the ratio is increased.
Profit margin	(181.99)	2.24	-101%	The main reason is the net amount of sales and the after-tax net profit in the current period are both increased, so the ratio is increased.
EPS (NT$)	(0.43)	0.10	-123%	The main reason is the after-tax net profit in the current period is increased, so the EPS is increased.
Cash flow ratio	13.16	74.61	467%	The main reason is the cash inflow of operating activity in the current period.
Cash flow adequacy ratio	275.00	354.54	29%	The main reason is the higher cash flow ratio of operating activity.
Cash reinvestment ratio	(0.33)	23.09	-7097%	The main reason is the higher cash flow ratio of operating activity.
Operating leverage	0.20	1.85	825%	The main reason is the increase of the operating income in the current period.
Financial leverage	0.80	1.30	63%	The main reason is the increase of the operating profit in the current period.

*If the individual financial report is prepared by the Company, it should prepare the analysis of the individual financial ratios for the past five years additionally.

*If the IFRS is adopted in the financial statements for less than 5 years, it should prepare the financial statement based on the GAAP as shown in Table (2) as below.

Note 1: The years that are not audited by CPA should be marked.

Note 2: For the company that is publically listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be analyzed.

Note 3: The calculation equations as below should be listed at the end of the Annual Report:

1. Financial structure
   (1) Ratio of liability to asset = total liability/total asset
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liability)/property, plant and equipment net amount
2. Solvency
   (1) Current ratio = current asset/current liability.
   (2) Quick ratio = (current asset – inventory – prepaid expense) / current liability
   (3) Times interest earned =net profit before income tax and interest expense/current interest expense
3. Operational capability
   (1) Accounts payable (including accounts receivable and notes receivable attributable to business) turnover ratio = net sales/average accounts receivable ((including accounts receivable and notes receivable attributable to business) balance
   (2) Average collection days = 365 / accounts payable turnover ratio
   (3) Inventory turnover ratio = sales cost / average inventory
   (4) Accounts payable (including accounts payable and notes payable attributable to business) turnover ratio = sales cost / average accounts payable (including accounts payable and notes payable attributable to business) balance
   (5) Average day in sales = 365 / inventory turnover ratio
   (6) Property, plant and equipment turnover ratio=net sales/average real estate, plant and equipment net amount
   (7) Total assets turnover ratio = net sales / average total assets
4. Profitability
   (1) Return on assets = (after-tax profit and loss + interest expense × (1 – tax rate)) / average total assets
   (2) Return on stockholders' equity = after-tax profit and loss / average total equity
   (3) Net profit ratio = after-tax profit and loss / net sales
   (4) Earnings per share = (equity attributable to owner of parent company –dividend on preferred shares) / weighted average issued share number (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow of operating activity / current liability
   (2) Net cash flow adequacy ratio = net cash flow of operating activity in recent five years / recent five years (capital expenditure + inventory increase + cash dividend)
   (3) Cash reinvestment ratio = (net cash flow of operating activity –cash dividend) / (real estate, plant and equipment gross + long-term investment + other non-current asset + working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating revenue–changed Operating costs and expense) /operating profit (Note 6)
   (2) Financial leverage = operating profit / (operating profit – interest expense)

Note 4: The formula for calculating the above earnings per share take the following factors into consideration:

1. Subject to weighted average number of common shares, not based on the number of issued shares at the end of the year
2. If there is incremental cash flow or treasury stock transaction, the circulation period should be taken into account and the weighted average number of shares is calculated.
3. If there is surplus transferred to increment or capital reserve transferred to investment, when calculating the earnings per share of the previous year and half year, trace and adjust according to increment proportion without considering the issuing period of the increment.
4. If the special stock is the nonconvertible cumulative special stock, its dividend of that year (whether issued or not) shall be deducted from after-tax net profit for the year, or increase the after-tax net loss. If the special stock is the non-cumulative type, wherein there is after-tax dispute, the special stock dividend shall be deducted from after-tax net profit for the year if any; in case of loss, there shall be no adjustment.

Note 5: Cash utilization analysis and assessment should take the following factors into consideration:

1. Net cash flow of operating activity refers to the net cash inflow of operating activity in the cash flow statement.
2. Capital expenditure refers to the cash outflow of annual capital investment.
3. Inventory increment shall only be taken into account when the ending balance is greater than the beginning balance; if the inventory decreases at the end of the year, it shall be calculated as zero.
4. Cash dividends include cash dividends on common stocks and special stocks.
5. Gross of fixed assets refer to the sum of property, plant and equipment before deducting the accumulated depreciation.

Note 6: Issuer shall divide the Operating costs and Operating expenses into fixed and variable cost, which shall maintain the rationality and consistency if estimated or based on subjective judgment.

Note 7: If the company share has no par value or the par value per share is not NTD$ 10, the above ratio calculation related to paid-in capital shall be changed in order to calculate the ratio of equity attributable to the owner of the parent company.

(3) Consolidated Financial Analysis- based on GAAP

None. The IFRS is adopted by the Company in the financial statements for more than 5 years, it is not required to provide such reports.

(4) Financial Analysis- based on GAAP

None. The IFRS is adopted by the Company in the financial statements for more than 5 years, it is not required to provide such reports.

3. Audit Committee' Inspection Report in the Most Recent Year:

Audit Committee' Inspection Report

The Company's 2018 business report, financial statements(including the consolidated and individual ones) and profit distribution plan prepared by the Board have been reviewed by CPAs of ShineWing Taiwan and are inspected by the Audit Committee, which are considered as correct and accurate. This report is presented pursuant to Article 14.4 of the Securities and Exchange Act and Article 219 of the Company Act for further inspection.

2019Annual Shareholders' Meeting of Delpha Construction Co., Ltd

Audit Committee Convener: Tseng, Ping-Joung

March 13, 2019

4. Financial Statement and CPA’s Audit Report in the Most Recent Year

Delpha Construction Co., Ltd. and Subsidiaries
Letter of Representation

For the year ended December 31, 3018, pursuant to “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the entities that are required to be included in the consolidated financial statements of affiliates, are the as the same as the entities required to be included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Delpha Construction Co., Ltd.

Chairman
March 13, 2019

Independent Auditors' Report

Delpha Construction Co., Ltd.

Opinion

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

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

Basis for opinion

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

Independent Auditors' Report (Continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. We determined the key audit matters should be communicated in our audit report are as follows:

1. Evaluation of inventories

Please refer to Note 4(14) to the consolidated financial statements for the accounting policies of evaluation of inventories; refer to Note 5(2) to the consolidated financial statements for the accounting estimates and assumptions of the evaluation of inventories; and please refer to Note 6(7) to the consolidated financial statements for the details description of inventories accounts.

The inventory is an important asset of the Group's operation, which accounts for 83% of the total Group's assets. The accounting treatment for inventory evaluation is in accordance with the International Accounting Standard 2 "Inventories". The financial statements will not present fairly if the assessment of net unrealized value of inventories are inappropriate. Therefore, we considered the evaluation of inventories as one of the key audit matters for the year.

Our audit procedures included, but are not limited to, by referencing to the total transaction price registered in the Ministry of the Interior's real estate transaction database, the average selling price converted into the net realized value of the lands and buildings for sale to assess whether there is significant difference. And to obtain the valuation report issued by the appraiser or by referencing to the present value of land announced by the Ministry of the Interior to assess whether there is a significant difference between the construction land and the construction in progress; and for the valuation report issued by the appraiser, to assess the rationality of the basic assumptions and expert qualifications such as the percentage of factor adjustment, the direct and indirect costs of the development period, the integrated capital interest rates etc.

2. Revenue and cost recognition on sales of lands and buildings

Please refer to Note 4(23) to the consolidated financial statements for the accounting policies of revenue and cost recognition; and refer to Note 6(21) and 6(7) to the consolidated financial statements for the details description of revenue and costs accounts respectively.

The sales of lands and buildings are accounted for significant proportion in the Group's total revenue, consider there may be a gap between internal departments when manually summarizing and exchanging information on transfer of house title. Therefore, we considered the recognition of this revenue and cost for the Group as one of the key audit matters for the year.

Our audit procedures included, but are not limited to, testing on the relevant internal control procedures on revenue and costs recognition of the Group by checking the certificate of title transfer and the timing of accounting entry to determine the sales of lands and buildings are in line with the revenue recognition. And the costs of sales of lands and buildings are therefore shall be recognized by the income method or the floor space method.

Independent Auditors' Report (Continued)

Other matters

We have audited the parent only financial statements of Delpha Construction Co., Ltd. for the year ended December 31, 2018 on which we have issued an unqualified opinion.

The Group's consolidated financial statements for the year ended December 31, 2017 were audited by other auditors and the Independent Auditors' Report was issued on March 23, 2018 with an unqualified opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditors' Report (Continued)

Independent accountant's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

Independent Auditors' Report (Continued)

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

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

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

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

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

Independent Auditors' Report (Continued)

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

Chen, Kuang-Hui

Chen, Kuang-Hui

Yao, Yu-Lin

Yao, Yu-Lin

For and on behalf of ShineWing CPAs

March 13, 2019

Taipei, Taiwan

Republic of China

Notice to Readers

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

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

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated balance sheets

December 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2018	%	2017	%
Current assets					
Cash and cash equivalents	6.(1)	$ 372,646	7	$ 288,225	5
Financial assets at fair value through profit or loss	6.(2)	69,504	2	9,126	-
Notes receivable, net	6.(5)	1,646	-	4,305	-
Accounts receivable, net	6.(5)	11	-	-	-
Other receivables	6.(6)	4,565	-	28,158	1
Current income tax assets		93	-	1	-
Inventories	6.(7) and 8	4,279,16	83	4,902,40	85
Prepayments		55,225	1	100,023	2
Other financial assets	6.(8) and 8	208,048	4	255,810	4
Other current assets		81	-	81	-
		4,990,98	97	5,588,13	97
Non-current assets					
Financial assets at fair value through other comprehensive income	6.(3)	6,784	-	-	-
Financial assets carried at cost	6.(4)	-	-	7,690	-
Property, plant and equipment	6.(9) and 8	120,413	3	123,141	3
Deferred income tax assets	6.(27)	1,445	-	1,478	-
Refundable deposits		13,257	-	13,296	-
Other non-current assets		5,505	-	5,505	-
		147,404	3	151,110	3
Total assets		$ 5,138,39	100	$ 5,739,24	100

(Continued on next page)

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated balance sheets

December 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

		December 31,			
Liabilities and equity	Notes	2018	%	2017	%
Current liabilities					
Short-term borrowings	6.(11) and 8	$ -	-	$ 511,057	9
Short-term notes and bills payable	6.(12) and 8	319,983	6	399,963	7
Contract liabilities	6.(21)	2,000	-	48,020	1
Notes payable	6.(13)	1,647	-	1,934	-
Accounts payable	6.(13)	20,357	1	59,705	1
Other payables		13,186	-	13,868	-
Current income tax liabilities		-	-	4,296	-
Provisions for liabilities	6.(16)	622	-	1,123	-
Advances from customers	7	27,944	1	26,600	1
Long-term borrowings - current portion	6.(14) and 8	516,574	10	521,569	9
Other current liabilities		254	-	576	-
		902,567	18	1,588,71	28
Non-current liabilities					
Long-term borrowings	6.(14) and 8	722,207	14	660,420	12
Net defined benefit liabilities, non-current	6.(15)	10,382	-	17,053	-
Guarantee deposits		10,097	-	10,236	-
		742,686	14	687,709	12
Total liabilities		1,645,25	32	2,276,42	40
Equity attributable to shareholders of the parent					
Common stock	6.(17)	2,707,52	53	2,707,52	48
Capital surplus	6.(18)	9,240	-	8,929	-
Retained earnings:	6.(19)				
Legal reserve		234,560	5	234,560	4
Special reserve		18,758	-	16,570	-
Unappropriated earnings		307,403	6	276,840	5
Other equity interest		(5,322)	-	-	-
Treasury stock	6.(17)	(27,761)	(1)	(35,955)	(1)
		3,244,40	63	3,208,46	56
Non-controlling interest	6.(20)	248,736	5	254,355	4
Total equity		3,493,13	68	3,462,82	60
Total liabilities and equity		$ 5,138,39	100	$ 5,739,24	100

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

Delpha Construction Co., Ltd. and Subsidiaries
Consolidated statement of comprehensive income
For the years ended December 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars)

		For the year ended December 31,			
	Notes	2018	%	2017	%
Revenue	6.(21) and 7	$ 1,212,12	100	$ 69,225	100
Cost of revenue	6.(7)	(1,014,06)	(84)	(57,823)	(84)
Gross profit		198,053	16	11,402	16
Operating expenses					
Selling expenses	6.(24)	(41,204)	(3)	(3,392)	(5)
General & administrative expenses	6.(24)	(88,671)	(7)	(115,175)	(166)
		(129,875)	(10)	(118,567)	(171)
Income (loss) from operations		68,178	6	(107,165)	(155)
Non-operating income and expenses					
Other income	6.(22)	12,406	1	19,470	28
Other gains and losses	6.(23)	(15,117)	(1)	9,404	14
Finance costs	6.(26)	(30,803)	(3)	(38,755)	(56)
		(33,514)	(3)	(9,881)	(14)
Income (loss) before income tax		34,664	3	(117,046)	(169)
Income tax expense	6.(27)	(14,598)	(1)	(5,363)	(8)
Net income (loss) for the year		20,066	2	(122,409)	(177)
Other comprehensive income					
Component of other comprehensive income that will not be reclassified to profit or loss:					
Remeasurement of defined benefit obligation		(95)	-	2	-
Unrealized loss on valuation of investments in equity instruments at fair value through other comprehensive income		(482)	-	-	-
Income tax expenses related to components that will not be reclassified to profit or loss		-	-	-	-
Total other comprehensive income (loss) for the year		(577)	-	2	-
Total comprehensive income (loss) for the year		$ 19,489	2	($ 122,407)	(177)
Net income attributable to:					
Shareholders of the parent		$ 26,874	2	($ 114,220)	(165)
Non-controlling interest		(6,808)	-	(8,189)	(12)
		$ 20,066	2	($ 122,409)	(177)
Total comprehensive income attributable to:					
Shareholders of the parent		$ 26,301	2	($ 114,218)	(165)
Non-controlling interest		(6,812)	-	(8,189)	(12)
		$ 19,489	2	($ 122,407)	(177)
Earnings per share (In New Taiwan dollars)	6.(28)				
Basic earnings per share		$ 0.1		($ 0.43)	
Diluted earnings per share		$ 0.1			

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

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated statement of changes in equity

For the years ended December 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent									
			Retained earnings			Other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Treasury stock	Total	Non-controlling interest	Total equity
Balance, January 1, 2017	$ 2,707,525	$ 8,828	$ 192,437	$ 12,899	$ 653,454	$ -	($ 35,955)	$ 3,539,188	$ 262,544	$ 3,801,732
Appropriation of prior year's earnings:										
Special capital reserve	-	-	-	3,671	(3,671)	-	-	-	-	-
Legal reserve	-	-	42,123	-	(42,123)	-	-	-	-	-
Cash dividends	-	-	-	-	(216,602)	-	-	(216,602)	-	(216,602)
Expired and unclaimed dividend transfer to legal reserve	-	101	-	-	-	-	-	101	-	101
	2,707,525	8,929	234,560	16,570	391,058	-	(35,955)	3,322,687	262,544	3,585,231
Net loss for the year	-	-	-	-	(114,220)	-	-	(114,220)	(8,189)	(122,409)
Other comprehensive income for the year	-	-	-	-	2	-	-	2	-	2
Total other comprehensive loss for the year	-	-	-	-	(114,218)	-	-	(114,218)	(8,189)	(122,407)
Balance, December 31, 2017	2,707,525	8,929	234,560	16,570	276,840	-	(35,955)	3,208,469	254,355	3,462,824
Effects of retrospective application	-	-	-	4,844	1,128	(4,844)	-	1,128	9	1,137
Balance, January 1, 2018, as restated	2,707,525	8,929	234,560	21,414	277,968	(4,844)	(35,955)	3,209,597	254,364	3,463,961
Appropriation of prior year's earnings:										
Reversal of special capital reserve	-	-	-	(2,656)	2,656	-	-	-	-	-
Expired and unclaimed dividend transfer to legal reserve	-	162	-	-	-	-	-	162	-	162
Disposal of parent company's shares deem as treasury stock transaction by a subsidiary	-	149	-	-	-	-	8,194	8,343	-	8,343
Other	-	-	-	-	-	-	-	-	1,184	1,184
	2,707,525	9,240	234,560	18,758	280,624	(4,844)	(27,761)	3,218,102	255,548	3,473,650
Net income for the year	-	-	-	-	26,874	-	-	26,874	(6,808)	20,066
Other comprehensive loss for the year	-	-	-	-	(95)	(478)	-	(573)	(4)	(577)
Total other comprehensive income (loss) for the	-	-	-	-	26,779	(478)	-	26,301	(6,812)	19,489
Balance, December 31, 2018	$ 2,707,525	$ 9,240	$ 234,560	$ 18,758	$ 307,403	($ 5,322)	($ 27,761)	$ 3,244,403	$ 248,736	$ 3,493,139

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

Delpha Construction Co., Ltd. and Subsidiaries
Consolidated statement of cash flows
For the years ended December 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2018	2017
Cash flows from operating activities		
Income (loss) before income tax for the year	$ 34,664	($ 117,046)
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation	2,728	2,699
Reversal for doubtful accounts	-	(16)
Gain on reversal of financial assets	-	(3,043)
Interest income	(3,749)	(4,429)
Dividend revenue	(631)	(2,911)
Interest expense	30,803	38,755
Loss on disposal of property, plant and equipment	-	105
Loss (gain) on foreign exchange, net	(3,432)	12,580
Property, plant and equipment transfer expenses	-	295
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(60,378)	287,482
Decrease in notes receivable	2,659	71,912
(Increase) decrease in accounts receivable	(11)	16
Decrease (increase) in other receivables	24,235	(18,202)
Decrease in inventories	623,236	27,202
Decrease (increase) in prepayments	44,798	(41,412)
Decrease in other financial assets	47,762	134,494
(Decrease) increase in contract liabilities	(46,020)	48,020
Decrease in notes payable	(287)	(10,034)
Decrease in accounts payable	(39,348)	(164,154)
Decrease in other payables	(362)	(18,358)
(Decrease) increase in provisions for liabilities	(501)	85
Increase in advances from customers	1,344	107
Decrease in other current liabilities	(322)	(180)
(Decrease) increase in net defined benefit liabilities	(6,766)	15,272
Cash generated from operations	650,422	259,239
Interest received	3,107	4,579
Interest paid	(31,123)	(38,726)
Dividend received	631	2,911
Income taxes paid (including land value increment tax)	(18,953)	(20,563)
Net cash generated from operating activities	604,084	207,440

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Delpha Construction Co., Ltd. and Subsidiaries

Consolidated statement of cash flows

For the years ended December 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars)

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	For the year ended December 31, 2018	For the year ended December 31, 2017
Cash flows from investing activities		
Refund of capital from financial assets carried at cost after liquidation	-	3,043
Refund of capital from financial assets carried at cost after capital reduction	-	2,615
Refund of capital from financial assets at fair value through other comprehensive income after capital reduction	1,561	-
Acquisition of property, plant and equipment	-	(3,241)
Decrease in refundable deposits	39	1,863
Net cash generated from investing activities	1,600	4,280
Cash flows from financing activities		
Decrease in short-term borrowings	(511,057)	(990,643)
(Decrease) increase in short-term notes and bills payable	(79,980)	399,963
Increase in long-term borrowings	63,000	648,900
Repayment of long-term borrowings	(6,208)	(10,209)
(Decrease) increase in guarantee deposits	(139)	42
Expired and unclaimed dividend transfer to legal reserve	162	101
Payment of cash dividend	-	(216,602)
Disposal of treasury stock	9,527	-
Net cash used in financing activities	(524,695)	(168,448)
Effect of exchange rate changes on cash and cash equivalents	3,432	(12,580)
Increase in cash and cash equivalents	84,421	30,692
Cash and cash equivalents at beginning of year	288,225	257,533
Cash and cash equivalents at end of year	$ 372,646	$ 288,225

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

Delpha Construction Co., Ltd. and Subsidiaries
Notes to the consolidated financial statements

(Expressed in thousands of New Taiwan dollars, except as otherwise specified)

1. History and organization

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

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 13, 2019.

3. Application of new standards, amendments and interpretations

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

A. IFRSs, IAS and interpretations endorsed by the FSC effective from 2018 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Classification and Measurement of Share-based Payment Transaction (amendments to IFRS 2)	This amendment clarifies the measurement of the fair value of cash-settled share-based payments requires to follow the same approach as used for the fair value of equity instrument granted for equity-settled share-based payments. This amendment also clarifies the accounting treatment for cash-settled shared-based payment transaction. In addition, the amendment provides an exception, that is, when the employers are obligated to withhold the tax in order to meet the employee's tax obligation associated with the share-based payment; and pay to tax authority; such shared-based payment should be treated as equity-settled entirety.	January 1, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (amendments to IFRS 4)	The amendment is to address the issue arising from different effective dates of IFRS 9 Financial Instruments and the forthcoming new Standards of IFRS 4 Insurance Contracts, resulting in different measurement of assets and liabilities, to permit the insurer within the scope of IFRS 4 to apply temporary exemption for not applying IFRS 9 Financial Instruments when they meet certain conditions; or alternatively, to apply overlay approach when adopting IFRS 9.	January 1, 2018

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IFRS 9 'Financial Instruments' (amendments to IFRS 9)	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognizing the liabilities; and all other changes in fair value are recognized in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. The main change in IFRS 9 is the increase of the eligibility of hedge accounting. It allows reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting.	January 1, 2018
IFRS 15 'Revenue from Contracts with Customers'	The standard replaces IAS 11, IAS 18 and related interpretations on revenue. The core principle of standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	January 1, 2018

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Clarifications to IFRS 15 (amendments to IFRS 15)	This amendment is mainly to clarify how to identify the performance obligations in the contract, how to decide an entity is a principal or an agent, and how to determine the whether the license income should be recognized at a point in time or over time.	January 1, 2018
Disclosure Initiative (amendment to IAS 7)	This amendment is aim for the liabilities arising from financing activities, in which to increase the reconciliation information between the opening and closing balances.	January 1, 2017
Recognition of Deferred Tax Assets for Unrealized Losses (amendment to IAS 12)	This amendment is to clarify the recognition of deferred tax assets for unrealized losses.	January 1, 2017
Transfers of Investment Property (amendments to IAS 40)	This amendment is to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. In addition, this amendment added a list of evidence of change in use, including assets under construction and development (assets need not to be completed), transfer from investment property to owner-occupied property at commencement of owner-occupation and transfer from inventories to investment property at commencement of an operating lease.	January 1, 2018

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IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income.	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle - Amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards'	Deleted the short-term exemptions realted to disclosure of financial instruments, employee benefits and investment entities.	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle – 'Amendment to IFRS 12 'Disclosure of interest in other entities'	The amendments clarify when an entity that has an interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate), are classified as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the entity does not require to disclose the summarized financial information of the subsidiary, joint venture or an associate pursuant to the paragraphs B10 to B16. It means that other information required by the standard should also be disclosed.	January 1, 2017
Annual Improvements to IFRS Standards 2014–2016 Cycle – 'Amendment to IAS 28 'Investments in Associates and Joint Ventures'	IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities (including investment-linked insurance fund) to elect measuring their direct or indirect investments in associates or joint ventures that is held by and entity to apply IFRS 9 'Financial Instruments' to meadure at fair value through profit or loss. This amendment clarified that this election aforementioned should be made separately for each associate or joint venture at initial recognition.	January 1, 2018

B. Effect of initial application to International Financial Reporting Standard No. 9 "Financial Instruments"(hereinafter referred to as "IFRS 9")

IFRS 9 replaces International Accounting Standard No. 39 "Financial Instruments: Recognition and Measurement" (hereinafter referred to as "IAS 39"). Based on the facts and circumstances existing on January 1, 2018, the Group has assessed the classification of existing financial assets at January 1, 2018 and applied restrospective adjustments and has elected not to restate prior reporting periods. The measurement category, the carrying amount and the changes in the financial assets of each category as determined by IAS 39 and IFRS 9 on January 1, 2018 are summarized as follows:

	Measurement category		Carrying amount	
Type of financial assets	IAS 39	IFRS 9	IAS 39	IFRS 9
Cash and cash equivalents	Loans and accounts receivables	Measured at amortized costs	$ 288,225	288,225
Investment in equity	Financial assets carried at costs	Financial assets measured at fair value through other comprehensive income	7,690	8,827
Notes and accounts receivables, other receivables	Loans and accounts receivables	Measured at amortized costs	32,463	32,463
Other current assets - current	Loans and accounts receivables	Measured at amortized costs	255,810	255,810
Refundable deposits	Loans and accounts receivables	Measured at amortized costs	13,296	13,296

	IAS 39 Carrying amount as of January 1, 2018	Reclassification	Remeasurements	IFRS 9 Carrying amount as of January 1, 2018	Retained earnings effect on January 1, 2018	Other equity effect on January 1, 2018
Financial assets at fair value through other comprehensive income:						
Financial assets carried at costs	$ 7,690	($ 7,690)	$ -	$ -	$ -	$ -
Reclassified to financial assets at fair value through other comprehensive income	-	7,690	1,137	8,827	5,972	(4,844)
Total	$ 7,690	$ -	$ 1,137	$ 8,827	$ 5,972	($ 4,844)

(A) The Group was previously measured its unlisted (over-the-counter) securities investment as financial assets carried at costs under IAS 39 and have been classified as an investment in equity instruments measured at fair value through other comprehensive income under IFRS 9 and were remeasured at fair value. Consequently, an increase of $1,137 thousand and $1,128 thousand was recognized in financial assets and retained earnings at fair value through other comprehensive income, respectively.

In addition, the Group has previously recognized the impairment loss of financial assets carried at costs under IAS 39 and accumulated in the retained earnings were measured at fair value and were no longer assessed for impairment under IFRS 9. Consequently, an increase of $4,844 thousand in retained earnings and decrease of $4,844 thousand in other equity were recognized respectively.

(B) Notes and accounts receivable, other receivables, and other current financial assets and deposits paid were previously classified as loans and receivables under IAS 39 and were classified as financial assets at amortized cost with an assessment of expected credit losses in accordance with IFRS 9.

C. Effect of initial application to International Financial Reporting Standard No. 15 "Revenue from Contracts with Customers" (hereinafter referred to as "IFRS 15")

IFRS 15 replaces International Accounting Standard No. 18 "Revenue" (hereinafter referred to as IAS 18) and International Accounting Standard No. 11 "Construction Contracts" (hereinafter referred to as "IAS 11") and relevant interpretations. The Group applied IFRS 15 retrospectively only to incomplete contracts as of January 1, 2018, and the related cumulative effects was recognized to retained earnings at January 1, 2018 and has elected not to restate 2017 comparative information.

The revenue from contracts with customer of the Group is mainly the sales of properties. The effects of adopting IFRS 15 to the Group are as follows:

Before January 1, 2018, the revenue from sale of property of the Group was recognized when the ownership of property was transferred. Starting from January 1, 2018, the recognition of above revenue of the sales of properties under IFRS 15 remains in effect. However, for some contracts, partial considerations were received from the customers before the transfer of ownership, prior to January 1, 2018, the initial consideration received was recognized as advance receipts. From January 1, 2018 onward, it was recognized as a contract liability under IFRS 15 and the Group reclassified the advance receipts to contract liabilities amounting to $48,020 thousand on that day. In addition, compared with the applicable provisions of IAS 18, the advance receipts on December 31, 2018 decreased by $2,000 thousand and the contract liabilities increased by $2,000 thousand.

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

New standards, interpretations and amendments as endorsed by the FSC effective from 2019 are as follows:

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

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Plan Amendment, Curtailment or Settlement (amendment to IAS 19)	The amendments require a company to use the updated actuarial assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the defined benefit plan.	January 1, 2019
Long-term interests in associates and joint ventures (amendment to IAS 28)	The amendments clarify that an entity shall first apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture, and then apply the relevant provisions of loss recognition with IFRS 28.	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	The interpretation is to clarify how an entity should determinate the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under the provisons of IAS 12 to recognize and measure its current and deferred income tax assets/liabilities.	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	IFRS 3 'Business Combinations' The amendments is to clarify that when an entity obtains control of a business that is a joint operation, the acquirer should remeasure its previously held interest in the joint operation at fair value at of the acquisition date. IFRS 11 'Joint Arrangements' The amendments is to clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in the joint operation. IAS 12 'Income Taxes' The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where	January 1, 2019

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Annual Improvements to IFRS Standards 2015–2017 Cycle	the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. IAS 23 'Borrowing Costs' The amendments clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

A. The Group will recognize the lease contract of lessees in accordance with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (hereinafter referred to as the 'modified retrospective approach'). As of January 1, 2019, the right-of-use asset and lease liability may be increased by $1,396 thousand and $1,354 thousand respectively.

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

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

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

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

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Definition of a business (amendments to IFRS 3)	This amendment clarifies the definition of the business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. To remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, add an optional concentration test for a company, when the fair value of the total assets acquired is almost from a single asset (or a group of similar assets), without further evaluation, to determine whether an acquired set of activities and assets is not a business.	January 1, 2020
Sale or Contribution of Assets Between An Investor and Its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	The amendment revised the accounting treatment in sales or purchase of assets between joint venture and its associate. The gains and losses resulting from transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognized in full in the investor’s financial statements.	To be determine by IASB

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IFRS 17 'Insurance Contracts'	This Standard replaces IFRS 4 'Insurance Contracts' and establishes the principles for the recognition, measurement, presentation and disclosure of Insurance and reinsurance contracts that it issues by the entities. This standard applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds; and investment contracts with discretionary participation features it issues, provided that the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations should be separated from insurance contracts. On initial recognition, Each portfolio of insurance contracts issued shall be divided into a minimum of three groups by the entities: onerous, no significant possibility of becoming onerous and the remaining contracts in the portfolio. This Standard requires a current measurement model where estimates are re-measured at each reporting period. Measurements are based on discounted contract and probability-weighted cash flows, risk adjustments, and the expected profit from the unearned portion of the contract (contractual service margins). An entity may apply a simplified approach to the measurement for some of insurance contracts (premium allocation approach).	January 1, 2021

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

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

4. Summary of significant accounting policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC Interpretations as endorsed by the FSC.

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

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

(B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

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

(D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. The gains or losses should transfer directly to retained earnings if the gain or loss from disposal of underlying assets is transferred to retained earnings at disposal.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)	
			December 31,	
Name of investor	Name of subsidiary	Main business activities	2018	2017
The Company	Huachien Development Co.,Ltd. (''Huachien'')	Development, selling and leasing	58%	58%
The Company	Dahyoung Real Estate Development Co.,Ltd. (''Dahyoung'')	Real estate development	99%	99%

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Details of the Company's issued shares held by the subsidiaries:

As of December 31, 2018 and 2017, Huachien hold issued common stock of the Company was $2,067 thousand shares ($31,413 thousand) and 2,677 thousands share ($64,527 thousand), respectively approximately to 0.76% and 0.99% of the Company's outstanding common stock, repectively.

G. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2018 and 2017, the Group's non-controlling interest is amounted to $248,736 thousand and $254,355 thousand, respectively. The information of non-controlling interest that are material to the Group and subsidiaries is as follows:

		Non–controlling interest			
		December 31,			
		2018		2017	
Name of subsidiary	Principal place of business	Amount	Ownership %	Amount	Ownership %
Huachien	Taipei, Taiwan	$ 248,336	42	$ 253,955	42
Dahyoung	Taipei, Taiwan	400	1	400	1
Total		$ 248,736		$ 254,355	

Summarized financial information of the subsidiaries:

Balance sheet

	Huachien December 31, 2018	Huachien December 31, 2017
Current assets	$ 1,262,421	$ 1,213,592
Non-current assets	94,030	102,685
Current liabilities	(6,981)	(13,406)
Non-current liabilities	(722,999)	(661,351)
Total net assets	$ 626,471	$ 641,520

	Dahyoung December 31, 2018	Dahyoung December 31, 2017
Current assets	$ 32,771	$ 33,181
Non-current assets	7,287	6,832
Current liabilities	(66)	(65)
Non-current liabilities	-	-
Total net assets	$ 39,992	$ 39,948

Statement of comprehensive income

	Huachien For the year ended December 31, 2018	Huachien For the year ended December 31, 2017
Revenue	$ 11,110	$ 6,522
Loss before income tax	(16,337)	(19,756)
Income tax expense	-	-
Net loss for the year	(16,337)	(19,756)
Other comprehensive income for the year	1,033	4,550
Total comprehensive loss for the year	($ 15,304)	($ 15,206)
Comprehensive loss attributable to non–controlling interest	($ 6,803)	($ 8,226)
Payment to non-controlling interest	$ -	$ -

	Dahyoung	
	For the year ended December 31,	
	2018	2017
Revenue	$ -	$ -
Income (loss) before income tax	(411)	3,492
Income tax expense (benefit)	(33)	201
Net income (loss) for the year	(444)	3,693
Other comprehensive loss for the year	(399)	-
Total comprehensive income (loss) for the year	($ 843)	$ 3,693
Comprehensive income (loss) attributable to non–controlling interest	($ 9)	$ 37
Payment to non-controlling interest	$ -	$ -

Statements of cash flows

	Huachien	
	For the year ended December 31,	
	2018	2017
Net cash used in operating activities	($ 43,527)	($ 26,656)
Net cash generated from (used in) investing activities	9,527	(2,887)
Net cash generated from financing activities	56,653	27,728
Increase (decrease) in cash and cash equivalents	22,653	(1,815)
Cash and cash equivalents, beginning of year	1,347	3,162
Cash and cash equivalents, end of year	$ 24,000	$ 1,347

	Dahyoung	
	For the year ended December 31,	
	2018	2017
Net cash (used in) generated from operating activities	($ 20,550)	$ 26,836
(Decrease) increase in cash and cash equivalents	(20,550)	26,836
Cash and cash equivalents, beginning of year	28,169	1,333
Cash and cash equivalents, end of year	$ 7,619	$ 28,169

(4) 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 and the Group's presentation currency.

A. Foreign currency transactions and balances

(A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured.
Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

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

(C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(5) Classification of current and non-current items

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

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

(B) Assets held mainly for trading purposes;

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

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

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

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

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

(B) Liabilities arising mainly from trading activities;

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

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

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

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

(6) Cash and cash equivalents

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

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

(A) Readily convertible to known amount of cash.

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

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

A. Accounting policies prior to January 1, 2018

(A) Refers to financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

a. Hybrid (combined) contracts;

b. They eliminate or significantly reduce a measurement or recognition inconsistency; or

c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

(B) On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

(C) Financial assets at fair value though profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

B. Accounting policies starting from January 1, 2018

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

(B) The Group's financial assets measured at fair value through profit or loss in accordance with customary transactions are accounted for using settlement date.

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

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

(8) Financial assets at fair value through other comprehensive income (Accounting policies starting from January 1, 2018)

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

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

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

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

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

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

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

(9) Loans and receivables (Accounting policies prior to January 1, 2018)

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(10) Notes and accounts receivable (Accounting policies starting from January 1, 2018)

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

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

(11) Impairment of financial assets

A. Accounting policies prior January 1, 2018

(A) The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(B) The criteria that the Group uses to determine whether there is objective evidence of impairment loss is as follows:

a. Significant financial difficulty of the issuer or debtor;

b. A breach of contract, such as a default or delinquency in interest or principal payments;

c. The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

d. It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

e. The disappearance of an active market for that financial asset because of financial difficulties;

f. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

g. Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

h. A significant or prolonged decline in the fair value of an investment in an equity instrument to be below its cost.

(C) When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

a. Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

b. Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. Accounting policies starting from January 1, 2018

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

(12) Derecognition of financial assets

The Group derecognizes a financial asset when:

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

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

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

(13) Lease receivables/lease(lessor)

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

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

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

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

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

(14) Inventories

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

(15) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.

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

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

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

(16) Impairment of non-financial assets

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

(17) Borrowings

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

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

(18) Notes and accounts payable

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

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

(19) Provisions

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

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A) Defined contribution plans

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

(B) Defined benefit plans

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

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

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

C. Termination benefit

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

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

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

(21) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operated and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulation. It establishes provisions where appropriated based on the amounts expected to be paid to the tax authorities. According to the Income Tax Law, an additional 10% tax is levied on the unappropriated retained earnings from current year and is provided for as income tax expense at the shareholders' meeting to resolve the distribution of earnings in the following year in the following year.

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

D. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the 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.

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

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

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

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

(22) Treasury stock

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

(23) Revenue and costs recognition

A. Accounting policies prior January 1, 2018

(A) The costs of long-term construction contracts are recognized in “construction in progress”. When the properties under development are sold, payment received from sales of properties under development are recorded as “receipts in advance”. Accounting for income and costs are recognized when the property is completed according to relevant laws and upon the transfer of control and significant risks and rewards of ownership of the property to buyers.

(B) Leasing income is recognized in profit on a straight-line basis over the lease term. Lease incentives given are an integral part of the aggregate benefit and shall recognize as a reduction in rental payments on a straight line basis. Subleasing income is recognized in profit as “rental income”.

B. Accounting policies starting from January 1, 2018

(A) The Group operates land development and sales of residential properties and recognizes revenue when the control of properties are transferred to customers. For the contracts of sales of properties that have been signed, the Company is restricted by the terms of the contract on making use of the property by any means until the legal ownership of the properties transferred to the customers; and then the 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.

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

(24) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the strategic business unit. The strategic business unit, who is responsible for allocating resources and assessing performance of the operation segments, has been identified as the board of directors that makes strategic decisions.

(25) Earnings per shares

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

(26) Dividends

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

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

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. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

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

None.

(2) Critical 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:

Evaluation of inventories

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. As the net realizable value of inventories on balance sheet date is assessed to be lower than cost, the Group writes down the cost of inventories to the net realizable value. Therefore, there might be material changes to the evaluation.

As of December 31, 2018, the Group's carrying amount of inventories is $4,279,169 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31,	
	2018	2017
Cash on hand and working capital	$ 185	$ 185
Checking accounts and demand deposits	305,860	288,040
Time deposits	66,601	-
Total	$ 372,646	$ 288,225

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

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

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

A. As of December 31, 2018

	December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	$ 4,714
Beneficiary certificates	64,790
Total	$ 69,504
Current	$ 69,504
Non-current	-
Total	$ 69,504

B. As of December 31, 2017

	December 31, 2017
Financial assets held for trading	
Listed stocks	$ -
Beneficiary certificates	9,126
Total	$ 9,126
Current	$ 9,126
Non-current	-
Total	$ 9,126

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

(3) Financial assets at fair value through other comprehensive income as of December 31, 2018:

	December 31, 2018
Investments in equity instrument measured at fair value through other comprehensive income:	
Unlisted equity investment	$ 6,784
Current	$ -
Non-current	6,784
Total	$ 6,784

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

(B) The above listed investments were initially classified as financial assets carried at cost under IAS 39. For the reclassification, please refer to Note 3(1)B.

(C) On April 2, 2008, Emphasis Materials, Inc. was dissolved by resolution. As of December 31, 2018, the liquidation process has not yet been completed.

(D) The reference date of capital reserve reduction and refund of New Castle Investment Development Corp. applied on June 1, 2018. The Group received $1,561 thousand after capital reserve reduction.

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

(4) Financial assets carried at cost as of December 31, 2017:

	December 31, 2017
Domestic unlisted equity investments	$ 4,952
Overseas unlisted equity investments	7,583
Less: impairment	(4,845)
Total	$ 7,690
Current	$ -
Non-current	7,690
Total	$ 7,690

A. The Group's above mentioned equity investments are not traded in active market and the fair value cannot be measured reliably. Therefore those equity investments were classified as 'financial assets carried at cost'.

B. On April 2, 2008, Emphasis Materials, Inc. was dissolved by resolution. As of December 31, 2017, the liquidation process has not yet been completed.

C. On May 20, 2008, Core Pacific Venture Capital Corp. was dissolved by the resolution and the liqudation was completed on June 30, 2017. The Company received redund of capital $3,043 thousand. The cost of financial assets carried at cost and accumulated impairment loss of $4,434 thousand were written off, respectively and recognized a gain on reversal of impairment loss of $3,043 thousand was recognized.

D. The reference date of capital reserve reduction and refund of New Castle Investment Development Corp. applied on April 25, 2017. The Company received $2,615 thousand after capital reserve reduction.

E. On March 7, 2017, the Company's shareholders' meeting resolved to write-off the equity interest in Central Leasing Corp., the cost of financial assets carried at cost and accumulated impairment loss of $5,000 thousand was written-off.

F. None of the Group's financial assets carried at cost are pledged.

(5) Notes receivable and accounts receivable

	December 31,	
	2018	2017
Notes receivable	$ 1,646	$ 4,305
Less: allowance for doubtful accounts	-	-
	1,646	4,305
Accounts receivable	11	-
Less: allowance for doubtful accounts	-	-
	11	-
Total	$ 1,657	$ 4,305

A. As of December 31, 2018

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

(B) The Group's maximum exposure to credit risk at December 31, 2018 was the carrying amount of each class of accounts receivable and notes receivable.

(C) The Group measures the allowance for doubtful notes and accounts receivable by using the provision matrix are as follows:

December 31, 2018	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	$ 1,657	$ -	$ 1,657
Past due less than 1 month	-	-	-	-
Past due 1-3 months	-	-	-	-
Past due 3-6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		$ 1,657	$ -	$ 1,657

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

B. As of December 31, 2017

(A) The Group grants an interest free and average credit term of 60 days to its customer accounts. The determination of the collectability of accounts receivable and notes receivable requires the Group to make judgments on any change of credit quality from the beginning to the end of the credit term.

The Group is in construction industry that is special in nature compared to other industry. Based on the historical experience of the Group, the situation of uncollectable accounts receivable and notes receivable is rarely.

The Group is in construction industry with a wide range of unrelated customer base, therefore concentration of credit risk is limited.

(B) The Group's aging analysis of note receivable and accounts receivable for December 31, 2017 is as follows:

	December 31, 2017
Not past due	$ 4,305
Past due less than 1 month	-
Past due 1-3 months	-
Past due 3-6 months	-
Past due over 6 months	-
Total	$ 4,305

(C) As of December 31, 2017, the Group did not have aging analysis of notes receivable and accounts receivable that were past due but not impaired.

(D) Movements of allowance for doubtful account on notes receivable and accounts receivable are as follows:

	Impairment by individual assessment	Impairment by group assessment	Total
At January 1, 2017	$ 256	$ -	$ 256
Reversal of impairment	(16)	-	(16)
Written off	(240)	-	(240)
At December 31, 2017	$ -	$ -	$ -

(E) The Group's maximum exposure to credit risk at December 31, 2017 was the carrying amount of each class of accounts receivable and notes receivable.

(6) Other receivables

	December 31,	
	2018	2017
Other receivables	$ 20,810	$ 44,403
Less: allowance for doubtful accounts	(16,245)	(16,245)
Total	$ 4,565	$ 28,158

(7) Inventories

	December 31, 2018	December 31, 2017
Lands for sale	$ 94,327	$ 775,458
Buildings for sale	48,750	368,281
Lands held for construction	4,181,784	3,876,085
Construction in progress	343,704	271,977
Less: allowance for decline in market value and obsolescence	(389,396)	(389,396)
Total	$ 4,279,169	$ 4,902,405

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

	December 31,			
	2018		2017	
Case	Lands for sale	Buildings for sale	Lands for sale	Buildings for sale
Li Hsiang Jia A	$ 511	$ 1,251	$ 511	$ 1,251
Sheng Huo Jia A	2,864	2,482	3,499	3,033
Ya Dian Wang Chao A	-	456	-	456
Ya Dian Wang Chao B	-	1,722	-	1,722
Hang Sha	5,505	2,809	5,505	2,809
Shi Tan Duan A	85,447	40,030	667,909	312,045
Shi Tan Duan B	-	-	98,034	46,965
Total	$ 94,327	$ 48,750	$ 775,458	$ 368,281

B. Lands held for construction and construction in progress details:

	December 31,			
	2018		2017	
Case	Lands held for construction	Construction in progress	Lands held for construction	Construction in progress
Shu Lin An	$ 112,371	$ 85,821	$ 112,371	$ 85,821
Sheng Huo Jia B	7,803	1,350	7,803	1,350
Hsin Dian He Feng	483,764	148,391	483,764	148,391
Tai Yuan Lu	1,211,267	25,868	1,190,740	25,381
Fu De Duan B	423	-	423	-
Hsin Guang Lu B	2,217	-	2,217	-
Rong Hsing Duan	73,440	3,811	73,440	3,696
Huai Sheng Duan	1,382,161	6,003	1,382,161	5,955
Yun He Jie A	621,454	72,460	621,454	1,383
Yun He Jie B	1,712	-	1,712	-
Wen Lin Bei Lu	285,172	-	-	-
Total	$ 4,181,784	$ 343,704	$ 3,876,085	$ 271,977

C. For the years ended December 31, 2018 and 2017, did not have interest capitalized as cost of inventory.

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

E. Significant information on construction projects

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

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

	For the year ended December 31,	
	2018	2017
Cost of sales	$ 1,014,068	$ 57,823
Impairment losses	-	-
Total	$ 1,014,068	$ 57,823

(8) Other financial assets

	December 31, 2018	December 31, 2017
Time deposits	$ 202,658	$ 255,800
Cash in bank	5,390	10
Total	$ 208,048	$ 255,810
Current	$ 208,048	$ 255,810
Non-current	-	-
Total	$ 208,048	$ 255,810

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

(9) Property, plant and equipment

	Lands	Buildings	Transportation equipment	Office equipment	Other equipment	Total
Cost						
At January 1, 2017	$ 36,006	$ 36,047	$ 639	$ 6,693	$ 257	$ 79,642
Additions	-	110	-	250	2881	3,241
Disposals and scrapped	-	(614)	-	(831)	(119)	(1,564)
Inventories transferred	58,325	1,134	-	-	-	59,459
Reclassified	-	2,168	-	299	(2,467)	-
Reclassified to expense	-	-	-	-	(295)	(295)
At December 31, 2017	94,331	38,845	639	6,411	257	140,483
Additions	-	-	-	-	-	-
At December 31, 2018	$ 94,331	$ 38,845	$ 639	$ 6,411	$ 257	$ 140,483

	Lands	Buildings	Transportation equipment	Office equipment	Other equipment	Total
Accumulated depreciation and impairment						
At January 1, 2017	$ -	$ 11,655	$ 40	$ 4,272	$ 135	$ 16,102
Depreciation	-	1,423	80	1,153	43	2,699
Disposals and scrapped	-	(614)	-	(831)	(14)	(1,459)
At December 31, 2017	-	12,464	120	4,594	164	17,342
Depreciation	-	1,722	80	897	29	2,728
At December 31, 2018	$ -	$ 14,186	$ 200	$ 5,491	$ 193	$ 20,070
Net book value						
At December 31, 2017	$ 94,331	$ 26,381	$ 519	$ 1,817	$ 93	$ 123,141
At December 31, 2018	$ 94,331	$ 24,659	$ 439	$ 920	$ 64	$ 120,413

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

(10) Impairment of non-financial assets

For the years ended December 31, 2018 and 2017, the Group did not have recognized gain on reversal loss of impairment loss of property, plant and equipment.

(11) Short-term borrowings

	December 31, 2018	December 31, 2017
Secured borrowings	$ -	$ 511,057
Interest rate range	-	1.68%～2%

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

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

(12) Short-term notes and bills payable

	Acceptance agencies	December 31, 2018	December 31, 2017
Short-term notes and bills payable	Dah Chung Bills Finance Corp.	$ 320,000	$ 400,000
Less: unamortized discount		(17)	(37)
Total		$ 319,983	$ 399,963

A. The interest rate of short-term notes and bills payable for December 31, 2018 and 2017 is 0.64% and 0.48% respectively.

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

(13) Notes payable and accounts payable

	December 31, 2018	December 31, 2017
Notes payable	$ 1,647	$ 1,934
Accounts payable		
Estimated accounts payable	20,357	59,705
Total	$ 22,004	$ 61,639

(14) Long-term borrowings

Details	December 31, 2018	December 31, 2017
Secured long-term borrowings		
- Starting from November 2013, the repayments made monthly until October, 2016. In October, 2016, the repayment date became a one-off payment in October 2019 in according to supplementary contract. In July 2017, in according to another supplementary contract, the repayment will be at a minimum of 70% of the total sales price if there is a sale of property, the repayment of remaining amount will be a one off-payment in October 2020, with floating interest rate. The interest rate as of December 31, 2018 and 2017 was 2.05% and 2.1% respectively.	$ 403,000	$ 403,000
- Originally expire and repay in a one-off payment in October, 2019. In July 2017, in according to a supplementary contract, the repayment will be at a minimum of 70% of the total sales price if there is a sale of property, the repayment of remaining amount will be a one off-payment in October 2020, with floating interest rate. The interest rate as of December 31, 2018 and 2017 was 2.05% and 2.1% respectively.	110,000	110,000
- Lands and buildings pledged from November, 2011 and repayments made monthly until October, 2018 with floating interest rate. The interest rate as of December 31, 2017 was 1.82%.	-	5,059

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- Lands and buildings pledged from November, 2014 and repayments made monthly until October, 2029 with floating interest rate. The interest rate as of December 31, 2018 and 2017 were both at 1.82%.	13,881	15,030
- Lands and buildings pledged from August, 2017, the repayment will be at a minimum of 70% of the total sales price if there is a sale of property, the repayment of remaining amount will be a one off-payment in August, 2022, with floating interest rate. The interest rate as of December 31, 2018 and 2017 was 2.0497% and 2.0944% respectively.	711,900	648,900
Total	1,238,781	1,181,989
Less: long-term borrowings expired within an operating cycle	(516,574)	(521,569)
Net	$ 722,207	$ 660,420

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

Due by	Amount
December 31, 2019	$ 1,170
December 31, 2020	514,191
December 31, 2021	1,213
December 31, 2022	713,136
December 31, 2023, and afterwards	9,071
Total	$ 1,238,781

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

(15) Pensions

A. Defined benefit plans

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

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

	December 31, 2018	December 31, 2017
Present value of funded obligations	($ 32,445)	($ 31,422)
Fair value of plan assets	22,063	14,369
Net defined benefit liabilities	($ 10,382)	($ 17,053)

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

	Present value of funded obligations	Fair value of plan assets	Net defined benefit liabilities
For the year ended December 31, 2017			
Balance as of January 1	($ 13,489)	$ 11,706	($ 1,783)
Interest (expense) income	(202)	175	(27)
Past services costs	(17,802)	-	(17,802)
	(31,493)	11,881	(19,612)
Re-measurements			
Impact of change in financial assumptions	(181)	-	(181)
Examined adjustments	252	(69)	183
	71	(69)	2
Employer contribution	-	2,557	2,557
Balance as of December 31	($ 31,422)	$ 14,369	($ 17,053)

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

(D) The Bank of Taiwan was entrusted to manage the Fund of the parent company's defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund". With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilization Report published by the government.

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

	For the year ended December 31, 2018	2017
Discount rate	1.09%	1.39%
Future salary increases	3.00%	3.00%
Expected return on plan assets	1.09%	1.39%

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

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

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

December 31, 2017	Discount rate Increase 0.5%	Discount rate Decrease 0.5%	Future salary increase rate Increase 0.5%	Future salary increase rate Decrease 0.5%
Impact on present value of defined benefit obligation	($ 1,960)	$ 2,100	$ 2,055	($ 1,940)

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

(F) Estimated contributions to the defined benefit pension plans of the parent company within one year from December 31, 2018 amounting to $627 thousand.

(G) As of December 31, 2018, the weighted average period for the pension plan is 12 years.

Analysis of the pension payment past due is as follow:

Less than a year	$ 24,034
One to two years	2,290
Two to five years	898
Over five years	922
	$ 28,144

B. Defined contribution plan

Effective July 1, 2005, the Group have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Under the new plan, the Group contributes to the employees' individual pension accounts at the Bureau of Labor Insurance. The pension costs under the defined contribution pension plans of the Group for the year ended December 31, 2018 and 2017 were $1,582 thousand and $1,552 thousand respectively.

(16) Provisions

	Provisions for employee benefits
At January 1, 2017	$ 1,038
Addition during the year	85
At December 31, 2017	1,123
Addition during the year	622
Used during the year	(1,123)
At December 31, 2018	$ 622

Analysis of provisions was as follow:

	December 31,	
	2018	2017
Current	$ 622	$ 1,123
Non-current	$ -	$ -

(17) Share Capital

A. As of December 31, 2018, the parent company's authorized capital was $5,336,135 thousand with par value of $10 per share. As of December 31, 2018, total paid-in capital was $2,707,525 thousand.

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

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

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

	Number of outstanding shares (in thousand)	
	For the year ended December 31,	
	2018	2017
At January 1	$ 270,753	$ 270,753
Issuance of shares through capitalization of retained earnings	-	-
At December 31	$ 270,753	$ 270,753

C. Treasury stock

Movements of ordinary shares held by the Company's subsidiaries for the years ended December 31, 2018 and 2017 are as follows:

For the year ended December 31, 2018

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

For the year ended December 31, 2017

		Increase (decrease) during the year			(Unit : New Taiwan dollars)	
Name of subsidiary	Share at January 1	Number of share	Sale price	Share at December 31	Par value per share	Market value per share
Huachien	2,676,640	-	$ -	2,676,640	$ 24.11	$ 15.2

(18) Capital surplus

	December 31,	
	2018	2017
Cash dividend unclaimed for over five years	$ 504	$ 342
Adjusted difference by equity method	1,100	1,100
Gains after tax on disposal of property, plant and equipment held by subsidiary under equity method	7,487	7,487
Treasury stock transaction	149	-
Total	$ 9,240	$ 8,929

Pursuant to the ROC Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit.

(19) Retained earnings

A. Legal reserve

Pursuant to the ROC Company Act, 10% of the current year's earnings, after payment of all taxes and after offsetting all accumulated deficits, shall be set aside as legal reserve. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital; and resolved in shareholders' meeting.

B. Special reserve

In accordance with the regulations, if the Company's debit balance on other equity items resulted from the exchange difference on translation of overseas operation; or unrecognized gain or loss on financial assets held for sales, the Company therefore shall set aside special reserve within following limitation at the balance sheet date before distributing earnings:

(A) For current year's debit balance on other equity items, special reserve recognized should not exceed total of current year earnings after tax plus retain earnings brought forward from previous years.

(B) For the prior year's debit balance on the equity item, special reserve recognized should not exceed total of prior year earnings after tax plus retained earnings brought forward from previous years.

(C) When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

C. Distribution of retained earnings

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

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

D. The shareholders at the parent company’s annual shareholders’ meeting on June 15, 2018 adopted a resolution that no distribution of earnings due to the loss for the fiscal year 2017. In addition, on May 31, 2017, the parent Company adopted a resolution at the shareholders’ meeting to distribute the retained earnings for the fiscal year 2016 and proposed a statutory surplus reserve of $42,123 thousand and a shareholder dividend of $216,602 thousand.

E. For details of information on employee’s bonus and directors and supervisors’ remuneration, please refer to Note 6(25).

(20) Non-controlling interests

	For the year ended December 31,	
	2018	2017
At January 1	$ 254,355	$ 262,544
Effects of retrospective application	9	-
Balance, January 1, 2018, as restated	254,364	262,544
Share attributable to non-controlling interests:		
Loss for the year	(6,808)	(8,189)
Other comprehensive loss (net)	(4)	-
Other	1,184	-
At December 31	$ 248,736	$ 254,355

(21) Revenue

	For the year ended December 31,	
	2018	2017
Revenue from customer contracts		
Sales revenue - lands	$ 953,612	$ 43,801
Sales revenue - buildings	251,841	17,876
	1,204,953	61,677
Rental income	7,168	7,548
Total	$ 1,212,121	$ 69,225

A. The Group has adopted IFRS 15 to derives revenue from customer contracts, the timing of revenue recognition in 2018 is as follows:

	For the year ended December 31, 2018
Revenue recognized at a point in time	$ 1,212,121

B. Contracts liabilities

	For the year ended December 31,	
	2018	2017
Contracts liabilities:		
Sales of properties	$ 2,000	$ 48,020

The decrease in the contracts liabilities of the Group for the current period as compared to December 31, 2017 was mainly due to the fulfillment of the performance obligations, and the pre-collected portion of the consideration was recognized as income.

The revenue recognized that was included in the contract liability at the beginning of 2018 was $48,020 thousand.

(22) Other income

	For the year ended December 31,	
	2018	2017
Interest income	$ 3,749	$ 4,429
Dividend income	631	2,911
Other income - other	8,026	12,130
Total	$ 12,406	$ 19,470

(23) Other gains and losses

	For the year ended December 31,	
	2018	2017
Loss on disposal and scrap of property, plant and equipment	$ -	($ 105)
Net currency exchange gain (losses)	3,432	(12,580)
Net gain (losses) on financial assets at fair value through profit or loss	(18,469)	23,293
Gain on reversal of financial assets	-	3,043
Other non-operating losses	(80)	(4,247)
Total	($ 15,117)	$ 9,404

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

	For the year ended December 31,					
	2018			2017		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	$ -	$ 53,217	$ 53,217	$ -	$ 71,117	$ 71,117
Depreciation	-	2,728	2,728	-	2,699	2,699

(25) Employee benefit expenses

	For the year ended December 31,	
	2018	2017
Wages and salaries	$ 36,557	$ 37,167
Director's remuneration	9,869	9,826
Labor and health insurance contribution	2,894	3,266
Pension costs	1,958	19,381
Other personnel expenses	1,939	1,477
Total	$ 53,217	$ 71,117

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

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

B. The compensation to employees were determined by the profit of the year. In 2018 and 2017, the employees' compensation and directors' remuneration of the parent company was $864 thousand, $0 thousand, $864 thousand and $0 thousand, respectively.

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

The shareholders' meeting in 2017 resolved that the bonuses to employees and remuneration to directors for the year ended December 31, 2016 were $10,009 thousand and there was $2 thousand difference compared to estimated amount and was recognized in a profit and loss in 2017.

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

(26) Finance costs

	For the year ended December 31,	
	2018	2017
Interest expense:		
Bank loans	$ 30,803	$ 38,755
Less: capitalization of qualifying assets	-	-
Total	$ 30,803	$ 38,755

(27) Income tax

A. Income tax expense

Components of income tax expense:

	For the year ended December 31,	
	2018	2017
Current income tax for the year:		
Land value increment tax included in current income tax for the year	$ 14,565	$ 1,066
Additional 10% surtax on undistributed retained earnings	-	4,397
Imputation tax credit on overly distributed earnings	-	101
Current income tax for the year	14,565	5,564
Deferred tax:		
Relating to origination and reversal of temporary differences	33	(201)
Income tax expense	$ 14,598	$ 5,363

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

	For the year ended December 31, 2018	For the year ended December 31, 2017
Income before income tax	$ 34,664	($ 117,046)
Income tax expense at statutory rate	6,933	(19,898)
Tax effect of adjusting items		
Permanent differences	(19,995)	10,761
Loss on unrecognized deferred tax assets	18,676	7,961
Unrecognized temporary differences	(5,581)	1,189
Additional 10% surtax on undistributed earnings	-	4,397
Imputation tax credit on overly distributed earnings	-	101
Land value increment tax	14,565	1,066
Other	-	(201)
Effect of tax on income which does not reach taxable threshold	-	(13)
Income tax expense	$ 14,598	$ 5,363

C. Deferred income tax assets and liabilities are as follows:

	For the year ended December 31, 2018			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
Deferred tax assets				
Loss carry forward	$ 1,478	($ 33)	$ -	$ 1,445

	For the year ended December 31, 2017			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
Deferred tax assets				
Loss carry forward	$ 1,277	$ 201	$ -	$ 1,478

D. The details of unrecognized deferred tax assets were as follows:

	December 31,	
	2018	2017
Loss carry forward		
Expired in 2019	$ 10,325	$ 9,737
Expired in 2020	146,172	124,353
Expired in 2023	8,978	7,631
Expired in 2024	21,519	18,291
Expired in 2025	34,776	29,560
Expired in 2026	14,432	12,267
Expired in 2027	9,366	7,853
Expired in 2028	19,351	-
	264,919	209,692
Deductible temporary differences		
Inventories	77,879	62,994
Allowance for doubtful accounts	3,249	2,762
Financial assets carried at costs	-	19,305
Financial assets at fair value through other comprehensive income	22,708	-
Prepayments	887	4,752
Unredized exchange gains and losses	1,475	1,811
Net defined benefit liabilities	1,701	2,596
Provisions for liabilities	124	43
Receipts in advance for lands and buildings	-	2,305
	108,023	96,568
Total	$ 372,942	$ 306,260

E. As of December 31, 2018, details of the Group's deferred tax assets for future utilization were as below:

Expiry date	Unused loss carry forward
2019	$ 10,325
2020	146,172
2023	8,978
2024	21,519
2025	34,776
2026	14,432
2027	9,366
2028	19,351
Total	$ 264,919

F. The Company's income tax returns through 2016 have been assessed by the Tax Authority.

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

(28) Earnings per share

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

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent company	$ 26,874	270,753	
Profit attributable to shares of the parent company held by subsidiaries	-	(2,657)	
Profit attributable to the parent company	$ 26,874	268,096	$ 0.1
Diluted earnings per share			
Profit attributable to the parent company	$ 26,874	268,096	
Assumed conversion of all dilutive potential ordinary shares			
Employee's bonus	-	55	
Profit attributable to the parent company	$ 26,874	268,151	$ 0.1

	For the year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent company	($ 114,220)	270,753	
Profit attributable to shares of the parent company held by subsidiaries	-	(2,677)	
Profit attributable to the parent company	($ 114,220)	268,076	($ 0.43)

Diluted earnings per share

None.

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

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

	For the year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent company	($ 114,220)	270,753	($ 0.42)
Diluted earnings per share			

None.

(29) Operating lease

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

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

	December 31, 2018	December 31, 2017
Within one year	$ 5,504	$ 3,200
Over one year but within five years	3,219	1,853
Over five years	-	-
	$ 8,723	$ 5,053

(30) *Changes in liabilities from financing activities*

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

	January 1, 2018	Cash flow	Other non-cash	December 31, 2018
Short-term borrowings	$ 511,057	($ 511,057)	$ -	$ -
Short-term notes and bills payable	399,963	(79,980)	-	319,983
Long-term borrowings	1,181,989	56,792	-	1,238,781
Guarantee deposits	10,236	(139)	-	10,097
Capital surplus	8,929	162	149	9,240
Treasury stock	(35,955)	-	8,194	(27,761)
Liabilities from financing activities	$ 2,076,219	($ 534,222)	$ 8,343	$ 1,550,340

7. Related party transactions

Balances and amounts of transaction between the Company and subsidaries 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:

(1) Name of related parties and relationship

Name	Relationship
Da Jie Investment Co., LTD	Chairman of Da Jie Investment Co., LTD is the first degree of kinship of the director of the Company
Da Sin Investment Co., LTD	Common director
Da Shuo Investment Co., LTD	Chairman of Da Shuo Investment Co., LTD is the first degree of kinship of the director of the Company
Wei Feng Investment Co., LTD	Chairman of Wei Feng Investment Co., LTD is the second degree of kinship of the director of the Company

(2) Significant related party transactions and balances:

A. Sales of goods and service

	For the year ended December 31,	
	2018	2017
Rental income		
- Other related parties	$ 79	$ 107

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

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

	December 31,	
	2018	2017
Other receipts in advance		
- Other related parties	$ 14	$ 14

(3) Key management compensation

	For the year ended December 31,	
	2018	2017
Salaries and other short–term employee benefits	$ 17,515	$ 18,897
Termination benefits	-	-
Post-employment benefits	-	-
Other long–term employee benefits	-	-
Share-based payment	-	-
Total	$ 17,515	$ 18,897

8. Pledged assets

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

		Book value	
		December 31,	
Pledged assets	Purposes	2018	2017
Inventories			
Lands for sale	Short-term borrowings and performance guarantee	$ 5,505	$ 410,350
Buildings for sale	Short-term borrowings and performance guarantee	2,809	192,468
Lands held for construction	Long-term borrowings and short-term notes and bills payable	2,804,544	3,014,459
Construction in progress	Long-term borrowings	96,991	24,045
Property, plant and equipment			
Lands	Short-term borrowings	36,006	36,006
Buildings	Short-term borrowings	21,727	23,108
Other equipment	Short-term borrowings	64	93
Other financial assets - current	Trust account	5,390	10
Total		$ 2,973,036	$ 3,700,539

9. Significant contingent liabilities and unrecognized commitments

As of December 31, 2018, the Company received the promissory notes from the contractors and customers amounting to $13,064 thousand.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

In January and February, 2019, the Group signed a cooperation contract of construction with eight related land owners including Lin Xing Xiong and two non-related parties, Jian Tan Ancient Temple Foundation and Liugong Irrigation Association. The aforementioned landowners will provide the land of the Section 2, Rong Hsing Duan in Zhongshan Distric of Taipei City; and the Group will fund the construction of the residential building.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares to adjust the most appropriate capital structure. The Group monitors capital on the basis of the gearing ratio. The Group's gearing ratios as of December 31, 2018 and 2017 are as follows:

	December 31,	
	2018	2017
Total liabilities	$ 1,645,253	$ 2,276,420
Total assets	$ 5,138,392	$ 5,739,244
Gearing ratio	32%	40%

During a recent review of the gearing ratio, the gearing ratio decreased as of December 31, 2018, mainly due to repay borrowings which caused the substantial reduction of liabilities.

(2) Financial instruments

A. Financial instruments by category

	December 31,	
	2018	2017
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 69,504	$ -
Financial assets held for trading	-	9,126
	$ 69,504	$ 9,126
Financial assets at fair value through other comprehensive income		
Designated investments in equity instruments	$ 6,784	$ -
Available-for-sale financial assets		
Financial assets carried at cost	$ -	$ 7,690
Financial assets/loans and receivables at amortized cost		
Cash and cash equivalents	$ 372,646	$ 288,225
Notes receivable	1,646	4,305
Accounts receivables	11	-
Other receivable	4,565	28,158
Other financial assets	208,048	255,810
Refundable deposits	13,257	13,296
	$ 600,173	$ 589,794
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ -	$ 511,057
Short-term notes and bills payable	319,983	399,963
Notes payable	1,647	1,934
Accounts payable	20,357	59,705
Other Payable	13,186	13,868
Long-term borrowings (including current portion)	1,238,781	1,181,989
Guarantee deposits	10,097	10,236
	$ 1,604,051	$ 2,178,752

B. Financial risk management objectives and policies

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

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

(A) Market risk

Market risk is arising from movements in market prices, such as foreign exchange risk and interest rate risk that affecting the Group's earning or financial instruments held by the Group. The objective of market risk management is to control the market risk exposure within affordable range and to optimize the return on investment.

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

a. Foreign exchange risk

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

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

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

	For the year ended December 31, 2017		
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT$)
Financial assets			
US$: NT$	$ 4,293	29.760	($ 6,663)
CN￥ : NT$	170	4.565	(10)
HK$: NT$	11,056	3.807	(485)

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

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

	December 31, 2018					
	Foreign currency amount	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
US$	$ 3,790	30.715	$ 116,397	5%	$ 5,820	$ -
CN¥	226	4.472	1,011	5%	51	-
HK$	11,058	3.921	43,358	5%	2,168	-
Non-monetary items						
US$	813	30.715	24,991	5%	1,014	235
HK$	2,568	3.921	10,069	5%	503	-

	December 31, 2017					
	Foreign currency amount	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
US$	$ 4,293	29.760	$ 127,762	5%	$ 6,388	$ -
CN¥	170	4.565	778	5%	39	-
HK$	11,056	3.807	42,090	5%	2,106	-

b. Interest rate risk

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

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

Sensitivity analysis

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

If the interest rate has increased or decreased by 1% with other variable held constant, the net profit before tax would have increased or decrease by $15,588 thousand and $20,930 thousand for the years ended December 31, 2018 and 2017, respectively, which would be mainly resulted from the Group's borrowing with variable interest rate.

c. Other price risk

In 2018, the Group's equity price risk arising from holding of listed and non-listed equity securities and beneficiary certificates. The equity securities and the beneficiary certificates are financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. In 2017, the Group's equity price risk arised from holding of listed and beneficiary certificates. The equity securities and the beneficiary certificate investments are financial assets for trading. The management of the Group manages risk by having diversified investment portfolios.

Sensitivity analysis

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

If the price of the equity securities and the beneficiary certificates increased/decreased by 10%, the profit and loss of the Group for the year ended 31 December 2018 will be increased/decreased by $6,950 thousand, respectively, which is due to changes in the fair value of financial assets held at fair value through profit or loss. The other equity will be increased/decreased by $678 thousand, respectively, which is due to changes in the fair value of financial assets measured at fair value through other comprehensive income. The profit and loss for the year ended December 31, 2017 will be increased/decreased by $913 thousand, respectively, which is due to changes in the fair value of investments held for trading.

(B) Credit risk

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

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

The Group’s accounts receivables mainly comprise receipts from customers on sales of properties. Based on the past experiences, the Group’s management assessed these accounts receivable has no significant 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 trading parties 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 agencies are considered to have no significant credit risk.

(C) Liquidity risk

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

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

Bank borrowings are the important source of liquidity to the Group. As of December 31, 2018 and 2017, the total banking facilities that have not yet utilized by the Group were $1,437,719 thousand and $1,427,454 thousand respectively.

Table of liquidity and interest rate risk

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

	December 31, 2018				
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
Non-derivative financial liabilities					
Short-term notes and bills payable	$ 320,000	$ -	$ -	$ -	$ 320,000
Notes payable	1,647	-	-	-	1,647
Accounts payable	20,357	-	-	-	20,357
Other payables	13,186	-	-	-	13,186
Long-term borrowings (include current portion)	26,521	553,624	723,277	8,251	1,311,673
Guarantee deposits received	714	233	-	9,150	10,097
	$ 382,425	$ 553,857	$ 723,277	$ 17,401	$ 1,676,960

	December 31, 2017				
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
Non-derivative financial liabilities					
Short-term borrowings	$ 514,631	$ -	$ -	$ -	$ 514,631
Short-term notes and bills payable	400,000	-	-	-	400,000
Notes payable	1,934	-	-	-	1,934
Accounts payable	59,705	-	-	-	59,705
Other payables	13,868	-	-	-	13,868
Long-term borrowings (include current portion)	30,742	562,333	673,066	9,654	1,275,795
Guarantee deposits received	540	546	-	9,150	10,236
	$ 1,021,420	$ 562,879	$ 673,066	$ 18,804	$ 2,276,169

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

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

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

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

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit or loss				
Listed stocks	$ 4,714	$ -	$ -	$ 4,714
Beneficiary certificates	64,790	-	-	64,790
Financial assets at fair value through other comprehensive income				
Unlisted equity investments	-	-	6,784	6,784
	$ 69,504	$ -	$ 6,784	$ 76,288

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 9,126	$ -	$ -	$ 9,126

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

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

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

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

E. There is no transfer between first and second level measured at fair value in 2018 and 2017.

F. Change in level 3

	For the year ended December 31, 2018
January 1, 2018	$ 8,827
Refund of capital after capital reduction in the current period	(1,561)
Gain recognized in other comprehensive income	(482)
December 31, 2018	$ 6,784

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

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

	Fair value December 31, 2018	Evaluation techniques	Significant unobservable inputs	Relationship between input value and fair value
Non-derivative equity instruments:				
Venture capital stock	$ 6,784	Net assets value method	Lack of market liquidity and minority share discount	Lack of market circulation, the higher the discount, the lower the fair value

I. Sensitivity analysis of changes in significant unobservable inputs

			For the year ended December 31, 2018			
			Recognize to profit or loss		Recognize to other comprehensive income	
	Input value	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets						
Equity instruments	Lack of market liquidity and minority share discount	10%	$ --	$ --	$ 1,130	$ 1,130

13. Supplementary disclosures

(1) Significant transactions information:

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

(2) Information on investments: Table 2

(3) Information on investments in Mainland China: None

Table 1

Marketable securities held by the Company as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures) (Expressed in thousands of New Taiwan dollars)

Securities held by	Type	Name	Relationship with the securities issuer	General ledger account	December 31,				Footnote	
					Number of shares/units (in thousands)	Book value	Ownership (%)	Fair value	Number of collateral share provided (in thousands)	Collateral amounts
The Company	Stock	Emphasis Materials, Inc.	None	Financial assets at fair value through other comprehensive income - non-current	300	$ -	2	$ -	-	$ -
The Company	Stock	New Castle Investment Development Corp.	None	Financial assets at fair value through other comprehensive income - non-current	0.6	4,707	12	4,707	-	-
The Company	Stock	Znyx Network Co. Perf D	None	Financial assets at fair value through other comprehensive income - non-current	51	-	-	-	-	-
The Company	Stock	Znyx Network Co. Perf E	None	Financial assets at fair value through other comprehensive income - non-current	45	-	-	-	-	-
The Company	Stock	Znyx Network Co. Perf F	None	Financial assets at fair value through other comprehensive income - non-current	26	-	-	-	-	-
The Company	Stock	Makalot Industrial Co., Ltd.	None	Financial assets at fair value mandatory through profit or loss	3	510	-	510	-	-
The Company	Stock	Taiwan Semiconductor Manufacturing Co., Ltd.	None	Financial assets at fair value mandatory through profit or loss	2	451	-	451	-	-
The Company	Stock	Global Unichip Corp.	None	Financial assets at fair value mandatory through profit or loss	2	412	-	412	-	-
The Company	Stock	Double Bond Chemical Ind., Co., Ltd.	None	Financial assets at fair value mandatory through profit or loss	9	697	-	697	-	-
The Company	Stock	RichWave Technology Corporation	None	Financial assets at fair value mandatory through profit or loss	19	884	-	884	-	-
The Company	Stock	PCL TECHNOLOGIES,INC.	None	Financial assets at fair value mandatory through profit or loss	8	662	-	662	-	-
The Company	Stock	Eurocharm Holdings Co., Ltd.	None	Financial assets at fair value mandatory through profit or loss	4	448	-	448	-	-
The Company	Stock	ITEQ CORPORATION	None	Financial assets at fair value mandatory through profit or loss	13	650	-	650	-	-
The Company	Fund	Franklin Templeton SinoAm Global Healthcare Fund	None	Financial assets at fair value mandatory through profit or loss	200	1,558	-	1,558	-	-
The Company	Fund	Paradigm Pion Money Market Fund	None	Financial assets at fair value mandatory through profit or loss	176	2,026	-	2,026	-	-
The Company	Fund	Paradigm Taiwan Fund	None	Financial assets at fair value mandatory through profit or loss	94	2,049	-	2,049	-	-
The Company	Fund	Union Money Market Fund	None	Financial assets at fair value mandatory through profit or loss	153	2,020	-	2,020	-	-
The Company	Fund	Union ASHLIC Thematic Fund-A(USD)	None	Financial assets at fair value mandatory through profit or loss	20	5,246	-	5,246	-	-
The Company	Fund	Hua Nan Yung Chong Fund	None	Financial assets at fair value mandatory through profit or loss	248	4,248	-	4,248	-	-
The Company	Fund	Hua Nan Global New Retail Fund A	None	Financial assets at fair value mandatory through profit or loss	300	2,601	-	2,601	-	-
The Company	Fund	Sinopac TWD Money Market Fund	None	Financial assets at fair value mandatory through profit or loss	145	2,015	-	2,015	-	-
The Company	Fund	Capital Potential Income Multi-Asset Fund-A-TWD	None	Financial assets at fair value mandatory through profit or loss	300	2,974	-	2,974	-	-
The Company	Fund	PineBridge Multi-Income Fund-A(USD)	None	Financial assets at fair value mandatory through profit or loss	19	5,486	-	5,486	-	-
The Company	Fund	PineBridge Preferred Securities Income Fund-B(USD)	None	Financial assets at fair value mandatory through profit or loss	34	9,552	-	9,552	-	-
The Company	Fund	Shin Kong Global AI New Industry Fund	None	Financial assets at fair value mandatory through profit or loss	500	4,990	-	4,990	-	-

Table 2-1

Marketable securities held by Huachien as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures) (Expressed in thousands of New Taiwan dollars)

Securities held by	Type	Name	Relationship the securities issuer	General ledger account	December 31,				Footnote	
					Number of shares/units (in thousands)	Book value	Ownership (%)	Fair value	Number of collateral share provided (in thousands)	Collateral amounts
Huachien	Stock	The Company	Parent	Financial assets at fair value through other comprehensive income - non-current	2,067	$ 32,446	0.76	$ 32,446	-	$ -
Huachien	Stock	The Second Credit Corporative of Keelung	None	Financial assets at fair value through other comprehensive income - non-current	0.1	10	-	10	-	-

Table 2-2

Marketable securities held by Dahyoung as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures) (Expressed in thousands of New Taiwan dollars)

Securities held by	Type	Name	Relationship the securities issuer	General ledger account	December 31,				Footnote	
					Number of shares/units (in thousands)	Book value	Ownership (%)	Fair value	Number of collateral share provided (in thousands)	Collateral amounts
Dahyoung	Stock	Hua Vii Venture Capital Corporation	None	Financial assets at fair value through other comprehensive income - non-current	158	$ 2,067	1.58	$ 2,067	-	$ -
Dahyoung	Stock	Znyx Network Co, Pref E	None	Financial assets at fair value through other comprehensive income - non-current	4	-	-	-	-	-
Dahyoung	Stock	Znyx Network Co, Pref F	None	Financial assets at fair value through other comprehensive income - non-current	2	-	-	-	-	-
Dahyoung	Fund	BMO Asia USD Investment Grade Bond ETF	None	Financial assets at fair value mandatory through profit or loss	171	10,069	-	10,069	-	-
Dahyoung	Fund	Rinebridge US Dual Core Income Fund-B	None	Financial assets at fair value mandatory through profit or loss	1,354	9,956	-	9,956	-	-

Table 3 Information on investments

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

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognized for the year ended December 31, 2018	Footnote
				Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares (in thousands)	Ownership (%)	Book value			
The Company	Dahyoung	16F, No. 460, sec. 5, Chenggong Rd., Neihu Dist, Taipei City 11490	Residential and building development, sale and rental business and wholesale of building material	$ 171,054	$ 171,054	3,869	99	$ 39,592	($ 444)	($ 439)	-
The Company	Huachien	16F, No. 460, sec. 5, Chenggong Rd., Neihu Dist, Taipei City 11490	Residential and building development, sale and rental business	704,993	704,993	18,208	58	350,011	(16,337)	(9,534)	-

14. Segment information

(1) General information

The Group operates in a single industry. The board of directors determined the operating segments based on the overall assessment of Group's performance and allocation of resources. The Group's company organization, basis of department segmentation and principles for measure segment information for the period were not significantly changed.

(2) Segment information

The segment information provided to the strategic business unit for the reportable segments is as follows:

The Group's reportable segments are the strategic business unit to provide different types of products and services. The accounting policies of the segments are in agreement with the significant accounting policies summarized in Note 4.

The Group's reportable segments income, profit and loss, assets and liabilities are adjusted, eliminated and summarized as follows:

	For the year ended December 31, 2018				
	The Company	Huachien	Dahyoung	Elimination & adjustment	Total
Total segment revenue					
Revenue from external customers	$ 1,201,011	$ 11,110	$ -	$	$ 1,212,121
Inter-segment revenue	58	-	-	(58)	-
Total	$ 1,201,069	$ 11,110	$ -	($ 58)	$ 1,212,121
Interest income	$ 3,566	$ 3	$ 180	$ -	$ 3,749
Interest expense	(15,935)	(14,868)	-	-	(30,803)
Depreciation	(2,312)	(416)	-	-	(2,728)
Share of loss of investment account for under equity method	(9,973)	-	-	9,973	-
Significant profit and loss items:					
Net currency exchange gain (losses)	3,442	-	(10)	-	3,432
Net gain of financial assets at fair value through profit or loss	(17,731)	20	(758)	-	(18,469)
Segment net income (loss)	$ 41,439	($ 16,337)	($ 411)	$ 9,973	$ 34,664
Assets					
Long-term equity investment account for under equity method	$ 389,603	$ -	$ -	($ 389,603)	$ -
Segment assets	$ 4,159,624	$ 1,356,451	$ 40,058	($ 417,741)	$ 5,138,392
Segment liabilities	$ 915,221	$ 729,980	$ 66	($ 14)	$ 1,645,253

Inter-segment income, profit and loss, assets and liabilities are adjusted and eliminated.

	For the year ended December 31, 2017				
	The Company	Huachien	Dahyoung	Elimination &	Total
Total segment revenue					
Revenue from external customers	$ 62,703	$ 6,522	$ -	$ -	$ 69,225
Inter-segment revenue	58	-	-	(58)	-
Total	$ 62,761	$ 6,522	$ -	($ 58)	$ 69,225
Interest income	$ 4,373	$ 2	$ 54	$ -	$ 4,429
Interest expense	(24,162)	(14,593)	-	-	(38,755)
Depreciation	(2,628)	(71)	-	-	(2,699)
Share of loss of investment account for under equity method	(7,874)	-	-	7,874	-
Significant profit and loss items:					
Net currency exchange losses	(12,580)	-	-	-	(12,580)
Net gain of financial assets at fair value through profit or loss	19,647	22	3,624	-	23,293
Segment net income (loss)	($ 108,656)	($ 19,756)	$ 3,492	$ 7,874	($ 117,046)
Assets					
Capital expenditure – non-current assets	$ 360	$ 2,881	$ -	$ -	$ 3,241
Long-term equity investment account for under equity method	390,750	-	-	(390,750)	-
Segment assets	$ 4,810,081	$ 1,316,277	$ 40,013	($ 427,127)	$ 5,739,244
Segment liabilities	$ 1,601,612	$ 674,757	$ 65	($ 14)	$ 2,276,420

Inter-segment income, profit and loss, assets and liabilities are adjusted and eliminated.

(3) Information on segment revenue, segment net income (loss) and segment assets

A. Segment revenue

	For the year ended December 31,	
	2018	2017
Total segment revenue	$ 1,212,179	$ 69,283
Inter-segment elimination	(58)	(58)
Total revenue	$ 1,212,121	$ 69,225

B. Segment net income (loss)

	For the year ended December 31, 2018	For the year ended December 31, 2017
Segment net income	$ 24,691	($ 124,920)
Inter-segment elimination	9,973	7,874
Segment net income before income tax	$ 34,664	($ 117,046)

C. Segment assets

	December 31, 2018	December 31, 2017
Total segment assets	$ 5,556,133	$ 6,166,371
Inter-segment elimination	(417,741)	(427,127)
Segment assets	$ 5,138,392	$ 5,739,244

(4) Information on products and services

Details of sources of income and the balances of the Group are the followings:

Revenue	For the year ended December 31, 2018	%	2017	%
Revenue - buildings	$ 251,341	21	$ 17,876	26
Revenue - lands	953,612	79	43,801	63
Rental income	7,168	-	7,548	11
Total	$ 1,212,121	100	$ 69,225	100

(5) Geographical information

	For the year ended December 31, 2018		2017	
Locations	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 1,212,121	$ 139,175	$ 69,225	$ 141,942

(6) Major customer information

For the years ended December 31, 2018 and 2017, the Group's revenue from one single customer which exceeds 10% of total operating revenue is as the following:

Customer	For the years ended December 31, 2018	%	2017	%
Customer A	$ -	-	$ 55,228	80

5. Individual Financial Statement in the Most Recent Year Audited by the CPAs:

Independent Auditors' Report

Delpha Construction Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Delpha Construction Co., Ltd. (the "Company") as of December 31, 2018 and 2017, and the related parent company only financial statements of comprehensive income, changes in equity and cash flows for the years then ended and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2018 and 2017, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers".

Basis for opinion

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

Independent Auditors' Report (Continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. We determined the key audit matters should be communicated in our audit report are as follows:

1. Evaluation of inventories

Please refer to Note 4(13) to the parent company only financial statements for the accounting policies of evaluation of inventories; refer to Note 5(2) to the parent company only financial statements for the accounting estimates and assumptions of the evaluation of inventories; and please refer to Note 6(7) to the parent company only financial statements for the details description of inventories account.

The inventory is an important asset of the Company's operation, which accounts for 73% of the total Company's assets. The accounting treatment for inventory evaluation is in accordance with the International Accounting Standard 2 "Inventories". The financial statements will not present fairly if the assessment of net unrealized value of inventories is inappropriate. Therefore, we considered the evaluation of inventories as one of the key audit matters for the year.

Our audit procedures included, but not limited to, by referencing to the total transaction price registered in the Ministry of the Interior's real estate transaction database, the average selling price converted into the net realized value of the lands and buildings for sale to assess whether there is significant difference. And to obtain the valuation report issued by the appraiser or by referencing to the present value of land announced by the Ministry of the interior to assess whether there is a significant difference between the construction land and the construction in progress; and for the valuation report issued by the appraiser, to assess the rationality of the basic assumptions and expert qualifications such as the percentage of factor adjustment, the direct and indirect costs of the development period, the integrated capital interest rates, etc.

2. Revenue and cost recognition on sales of lands and buildings

Please refer to Note 4(23) to the parent company only financial statements for the accounting policies of revenue and cost recognition; and refer to Note 6(21) and 6(7) to the parent company only financial statements for the details description of revenue and cost accounts respectively.

The sales of lands and buildings are accounted for significant proportion in the Company’s total revenue, consider there may be a gap between internal departments when manually summarizing and exchanging information on transfer of house title. Therefore, we considered the recognition of this revenue and cost for the Company as one of the key audit matters for the year.

Our audit procedures included, but not limited to, testing on the relevant internal control procedures on revenue and costs recognition of the Company by checking the certificate of title transfer and the timing of accounting entry to determine the sales of lands and buildings are in line with the revenue recognition. And the costs of sales of lands and buildings are therefore calculated and recognized by the income method or the floor space method.

Other matters

The Company’s financial statements for the year ended December 31, 2017 were audited by other auditors and the Independent Auditors’ Report was issued on March 23, 2018 with an unqualified opinion.

Independent Auditors' Report (Continued)

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

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

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

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

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

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

Independent Auditors' Report (Continued)

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

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

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

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

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

Independent Auditors' Report (Continued)

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

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

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

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

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

Chen, Kuang-Hui

Yao, Yu-Lin

Chen, Kuang- Hui

Yao, Yu-Lin

For and on behalf of ShineWing CPAs

March 13, 2019

Taipei, Taiwan

Republic of China

Notice to Readers

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

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

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

December 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars)

		December 31,			
Assets	Notes	2018	%	2017	%
Current assets					
Cash and cash equivalents	6.(1)	$ 341,027	8	$ 258,709	5
Financial assets at fair value through profit or loss	6.(2)	49,479	1	9,126	-
Notes receivable, net	6.(5)	54	-	4,215	-
Other receivables	6.(6)	615	-	28,154	1
Current income tax assets		93	-	-	-
Inventories	6.(7) and 8	3,042,034	73	3,686,284	77
Prepayments		55,138	2	99,755	2
Other financial assets	6.(8) and 8	203,048	5	250,810	5
		3,691,488	89	4,337,053	90
Non-current assets					
Financial assets at fair value through other comprehensive income	6.(3)	4,707	-	-	-
Financial assets carried at cost	6.(4)	-	-	6,101	-
Investments accounted for under equity method	6.(9)	389,603	9	390,750	8
Property, plant and equipment	6.(10) and 8	58,845	2	61,157	2
Refundable deposits		13,251	-	13,290	-
Other non-current assets		1,730	-	1,730	-
		468,136	11	473,028	10
Total assets		$ 4,159,624	100	$ 4,810,081	100

(Continued on next page)

Delpha Construction Co., Ltd.
Parent company only balance sheets
December 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

Liabilities and equity	Notes	December 31, 2018	%	December 31, 2017	%
Current liabilities					
Short-term borrowings	6.(12) and 8	$ -	-	$ 511,057	11
Short-term notes and bills payable	6.(13) and 8	319,983	8	399,963	8
Contract liabiliaties	6.(21)	2,000	-	48,020	1
Notes payable	6.(14)	1,647	-	1,282	-
Accounts payable	6.(14)	20,357	1	59,705	1
Other payables		11,238	-	9,711	-
Current income tax liabilities		-	-	4,296	-
Provisions for liabilities	6.(17)	622	-	1,123	-
Advances from customers	7	26,438	1	26,531	1
Long-term borrowings - current portion	6.(15) and 8	513,000	12	513,000	11
Other current liabilities		249	-	566	-
		895,534	22	1,575,254	33
Non-current liabilities					
Net defined benefit liabilities - non-current	6.(16)	10,382	-	17,053	-
Guarantee deposits		9,305	-	9,305	-
		19,687	-	26,358	-
Total liabilities		915,221	22	1,601,612	33
Equity					
Common stock	6.(18)	2,707,525	65	2,707,525	56
Capital surplus	6.(19)	9,240	-	8,929	-
Retained earnings:	6.(20)				
Legal reserve		234,560	6	234,560	5
Special reserve		18,758	-	16,570	-
Unappropriated earnings		307,403	8	276,840	6
Other equity interest		(5,322)	-	-	-
Treasury stock	6.(18)	(27,761)	(1)	(35,955)	-
Total equity		3,244,403	78	3,208,469	67
Total liabilities and equity		$ 4,159,624	100	$ 4,810,081	100

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

Delpha Construction Co., Ltd.
Parent company only statement of comprehensive income

For the years ended December 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31, 2018	%	2017	%
Revenue	6.(21) and 7	$ 1,201,069	100	$ 62,761	100
Cost of revenue	6.(7)	(1,009,012)	(84)	(57,823)	(92)
Gross profit		192,057	16	4,938	8
Operating expenses					
Selling expenses	6.(24)	(41,204)	(3)	(3,392)	(5)
General & administrative expenses	6.(24)	(80,904)	(7)	(100,786)	(161)
		(122,108)	(10)	(104,178)	(166)
Income (loss) from operations		69,949	6	(99,240)	(158)
Non-operating income and expenses					
Other income	6.(22)	11,767	1	16,757	27
Other gains and losses	6.(23)	(14,369)	(1)	5,863	9
Finance costs	6.(26)	(15,935)	(1)	(24,162)	(38)
Share of loss of subsidiaries, affiliates and ventures accounted for under equity method		(9,973)	(1)	(7,874)	(13)
		(28,510)	(2)	(9,416)	(15)
Income (loss) before income tax		41,439	4	(108,656)	(173)
Income tax expense	6.(27)	(14,565)	(2)	(5,564)	(9)
Net income (loss) for the year		26,874	2	(114,220)	(182)
Other comprehensive income					
Component of other comprehensive will not be reclassified to profit or loss					
Remeasurement of defined benefit obligation		(95)	-	2	-
Unrealized loss on valuation of investments in equity instruments at fair value through other comprehensive income		(478)	-	-	-
Income tax expenses related to components that will not be reclassified to profit or loss		-	-	-	-
Total other comprehensive income (loss) for the year		(573)	-	2	-
Total comprehensive income (loss) for the year		$ 26,301	2	($ 114,218)	(182)
Earnings per share (In New Taiwan dollars)	6.(28)				
Basic earnings per share		$ 0.1		($ 0.43)	
Diluted earnings per share		$ 0.1			

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

Delpha Construction Co., Ltd.
Parent company only statement of changes in equity
For the years ended December 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars)

			Retained earnings			Other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Treasury stock	Total equity
Balance, January 1, 2017	$ 2,707,525	$ 8,828	$ 192,437	$ 12,899	$ 653,454	$ -	($ 35,955)	$ 3,539,188
Appropriation of prior year's earnings:								
Special capital reserve	-	-	-	3,671	(3,671)	-	-	-
Legal reserve	-	-	42,123	-	(42,123)	-	-	-
Cash dividends	-	-	-	-	(216,602)	-	-	(216,602)
Expired and unclaimed dividend transfer to legal reserve	-	101	-	-	-	-	-	101
	2,707,525	8,929	234,560	16,570	391,058	-	(35,955)	3,322,687
Net loss for the year	-	-	-	-	(114,220)	-	-	(114,220)
Other comprehensive income for the year	-	-	-	-	2	-	-	2
Total other comprehensive loss for the year	-	-	-	-	(114,218)	-	-	(114,218)
Balance, December 31, 2017	2,707,525	8,929	234,560	16,570	276,840	-	(35,955)	3,208,469
Effects of retrospective application	-	-	-	4,844	1,128	(4,844)	-	1,128
Balance, January 1, 2018, as restated	2,707,525	8,929	234,560	21,414	277,968	(4,844)	(35,955)	3,209,597
Appropriation of prior year's earnings:								
Reversal of special capital reserve	-	-	-	(2,656)	2,656	-	-	-
Expired and unclaimed dividend transfer to legal reserve	-	162	-	-	-	-	-	162
Disposal of parent company's shares deem as treasury stock transaction by a subsidiary	-	149	-	-	-	-	8,194	8,343
	2,707,525	9,240	234,560	18,758	280,624	(4,844)	(27,761)	3,218,102
Net income for the year	-	-	-	-	26,874	-	-	26,874
Other comprehensive loss for the year	-	-	-	-	(95)	(478)	-	(573)
Total other comprehensive income (loss) for the year	-	-	-	-	26,779	(478)	-	26,301
Balance, December 31, 2018	$ 2,707,525	$ 9,240	$ 234,560	$ 18,758	$ 307,403	($ 5,322)	($ 27,761)	$ 3,244,403

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

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

For the years ended December 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2018	2017
Cash flows from operating activities		
Income (loss) before income tax for the year	$ 41,439	($ 108,656)
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation	2,312	2,628
Gain on reversal of financial assets	-	(3,043)
Interest income	(3,566)	(4,373)
Dividend income	(188)	(295)
Interest expense	15,935	24,162
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	9,973	7,874
Loss (gain) on foreign exchange, net	(3,442)	12,580
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(40,353)	267,174
Decrease in notes receivable	4,161	71,912
Decrease (increase) in other receivables	28,065	(18,202)
Decrease in inventories	644,250	39,361
Decrease (increase) decrease in prepayments	44,617	(41,148)
Decrease in other financial assets	47,762	129,494
(Decrease) increase in contract liabilities	(46,020)	48,020
Increase (decrease) in notes payable	365	(10,686)
Decrease in accounts payable	(39,348)	(164,154)
Increase (decrease) in other payables	1,921	(20,558)
(Decrease) increase in provisions for liabilities	(501)	140
(Decrease) increase in advances from customers	(93)	149
Decrease in other current liabilities	(317)	(180)
(Decrease) increase in net defined benefit liabilities	(6,766)	15,272
Cash generated from operations	700,206	247,471
Interest received	3,040	4,521
Interest paid	(16,329)	(24,453)
Dividend received	188	295
Income taxes paid (including land value increment tax)	(18,954)	(20,574)
Net cash generated from operating activities	668,151	207,260

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Delpha Construction Co., Ltd.
Parent company only statement of cash flows
For the years ended December 31, 2018 and 2017
(Expressed in thousands of New Taiwan dollars)

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	For the year ended December 31,	
	2018	2017
Cash flows from investing activities		
Refund of capital from financial assets carried at cost after liquidation	-	3,043
Refund of capital from financial assets carried at cost after capital reduction	-	2,615
Refund of capital from financial assets at fair value through other comprehensive income after capital reduction	1,561	-
Acquisition of property, plant and equipment	-	(360)
Decrease in refundable deposits	39	1,869
Net cash generated from investing activities	1,600	7,167
Cash flows from financing activities		
Decrease in short-term borrowings	(511,057)	(379,743)
(Decrease) increase in short-term notes and bills payable	(79,980)	399,963
Increase in guarantee deposits	-	105
Expired and unclaimed dividend transfer to legal reserve	162	101
Payment of cash divided	-	(216,602)
Net cash used in finance activities	(590,875)	(196,176)
Effect of exchange rate changes on cash and cash equivalents	3,442	(12,580)
Increase in cash and cash equivalents	82,318	5,671
Cash and cash equivalents at beginning of year	258,709	253,038
Cash and cash equivalents at end of year	$ 341,027	$ 258,709

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

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

1. History and organization

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

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

The financial statements were approved and authorized for issuance by the Board of Directors on March 13, 2019.

3. Application of new standards, amendments and interpretations

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

A. IFRSs, IAS and interpretations endorsed by the FSC effective from 2018 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Classification and Measurement of Share-based Payment Transaction (amendments to IFRS 2)	This amendment clarifies the measurement of the fair value of cash-settled share-based payments requires to follow the same approach as used for the fair value of equity instrument granted for equity-settled share-based payments. This amendment also clarifies the accounting treatment for cash-settled shared-based payment transaction. In addition, the amendment provides an exception, that is, when the employers are obligated to withhold the tax in order to meet the employee's tax obligation associated with the share-based payment; and pay to tax authority; such share-based payment should be treated as equity-settled entirety.	January 1, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (amendments to IFRS 4)	The amendment is to address the issue arising from different effective dates of IFRS 9 Financial Instruments and the forthcoming new Standards of IFRS 4 Insurance Contracts, resulting in different measurement of assets and liabilities, to permit the insurer within the scope of IFRS 4 to apply temporary exemption for not applying IFRS 9 Financial Instruments when they meet certain conditions; or alternatively, to apply overlay approach when adopting IFRS 9.	January 1, 2018

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IFRS 9 'Financial Instruments' (amendments to IFRS 9)	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognizing the liabilities; and all other changes in fair value are recognized in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. The main change in IFRS 9 is the increase of the eligibility of hedge accounting. It allows reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting.	January 1, 2018
IFRS 15 'Revenue from Contracts with Customers'	The standard replaces IAS 11, IAS 18 and related interpretations on revenue. The core principle of standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	January 1, 2018

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Clarifications to IFRS 15 (amendments to IFRS 15)	This amendment is mainly to clarify how to identify the performance obligations in the contract, how to decide an entity is a principal or an agent, and how to determine the whether the license income should be recognized at a point in time or over time.	January 1, 2018
Disclosure Initiative (amendment to IAS 7)	This amendment is aim for the liabilities arising from financing activities, in which to increase the reconciliation information between the opening and closing balances.	January 1, 2017
Recognition of Deferred Tax Assets for Unrealized Losses (amendment to IAS 12)	This amendment is to clarify the recognition of deferred tax assets for unrealized losses.	January 1, 2017
Transfers of Investment Property (amendments to IAS 40)	This amendment is to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. In addition, this amendment added a list of evidence of change in use, including assets under construction and development (assets need not to be completed), transfer from investment property to owner-occupied property at commencement of owner-occupation and transfer from inventories to investment property at commencement of an operating lease.	January 1, 2018

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IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income.	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle - Amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards'	Deleted the short-term exemptions related to disclosure of financial instruments, employee benefits and investment entities.	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle – 'Amendment to IFRS 12 'Disclosure of interest in other entities'	The amendments clarify when an entity that has an interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate), are classified as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the entity does not require to disclose the summarized financial information of the subsidiary, joint venture or an associate pursuant to the paragraphs B10 to B16. It means that other information required by the standard should also be disclosed.	January 1, 2017
Annual Improvements to IFRS Standards 2014–2016 Cycle – 'Amendment to IAS 28 'Investments in Associates and Joint Ventures'	IAS 28 8 allows venture capital organizations, mutual funds, unit trusts and similar entities (including investment-linked insurance fund) to elect measuring their direct or indirect investments in associates or joint ventures that is held by and entity to apply IFRS 9 'Financial Instruments' to measure at fair value through profit or loss. This amendment clarified that this election aforementioned should be made separately for each associate or joint venture at initial recognition.	January 1, 2018

B. Effect of initial application to International Financial Reporting Standard No. 9 "Financial Instruments"(hereinafter referred to as "IFRS 9")

IFRS 9 replaces International Accounting Standard No. 39 "Financial Instruments: Recognition and Measurement" (hereinafter referred to as "IAS 39"). Based on the facts and circumstances existing on January 1, 2018, the Group has assessed the classification of existing financial assets at January 1, 2018 and applied restrospective adjustments and has elected not to restate prior reporting periods. The measurement category, the carrying amount and the changes in the financial assets of each category as determined by IAS 39 and IFRS 9 on January 1, 2018 are summarized as follows:

	Measurement category		Carrying amount	
Type of financial assets	IAS 39	IFRS 9	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized costs	$ 258,709	258,709
Investment in equity	Financial assets carried at costs	Financial assets at fair value through other comprehensive income	6,101	6,351
Notes and accounts receivables, other receivables	Loans and accounts receivables	Amortized costs	32,369	32,369
Other current assets - current	Loans and accounts receivables	Amortized costs	250,810	250,810
Refundable deposits	Loans and accounts receivables	Amortized costs	13,290	13,290

	IAS 39 Carrying amount as of January 1, 2018	Reclassification	Remeasurements	IFRS 9 Carrying amount as of January 1, 2018	Retained earnings effect on January 1, 2018	Other equity effect on January 1, 2018
Financial assets at fair value through other comprehensive income:						
Financial assets carried at costs	$ 6,101	($ 6,101)	$ --	$ --	$ --	$ --
Reclassified to financial assets at fair value through other comprehensive income	--	6,101	250	6,351	4,982	(4,732)
Total	$ 6,101	$ --	$ 250	$ 6,351	$ 4,982	($ 4,732)

(A) The Company has previously measured its unlisted (over-the-counter) securities investments as financial assets carried at costs under IAS 39 and have been classified as investments in equity instruments measured at fair value through other comprehensive income under IFRS 9 and were remeasured at fair value. Consequently, an increase of $250 thousand was recognized in financial assets and retained earnings at fair value through other comprehensive income, respectively.

In addition, the Company has previously recognized the impairment loss of financial assets carried at costs under IAS 39 and accumulated in the retained earnings was required to measure at fair value under IFRS 9 and was no longer to be assessed. Consequently, an increase of $4,732 thousand in retained earnings and a decrease of $4,732 thousand in other equity was recognized respectively.

(B) Notes and accounts receivable, other receivables, other current financial assets and deposits paid were previously classified as loans and receivables under IAS 39 and were reclassified as financial assets at amortized cost with an assessment of expected credit losses in accordance with IFRS 9.

C. Effect of initial application to International Financial Reporting Standard No. 15 "Revenue from Contracts with Customers" (hereinafter referred to as "IFRS 15")

IFRS 15 replaces International Accounting Standard No. 18 "Revenue" (hereinafter referred to as IAS 18) and International Accounting Standard No. 11 "Construction Contracts" (hereinafter referred to as "IAS 11") and relevant interpretations. The Company applied IFRS 15 retrospectively only to incomplete contracts as of January 1, 2018, and the related cumulative effects was recognized to retained earnings at January 1, 2018 and has elected not to restate 2017 comparative information.

The revenue from contracts with customer of the Company is mainly the sales of properties. The effects of adopting IFRS 15 to the Company are as follows:

Before January 1, 2018, the revenue from sale of property of the Company was recognized when the ownership of property was transferred. Starting from January 1, 2018, the recognition of above revenue of the sales of properties under IFRS 15 remains in effect. However, for some contracts, partial considerations were received from the customers before the transfer of ownership, prior to January 1, 2018, the initial consideration received was recognized as advance receipts. From January 1, 2018 onward, it was recognized as a contract liability under IFRS 15 and the Company reclassified the advance receipts to contract liabilities amounting to $48,020 thousand on that day. In addition, compared with the applicable provisions of IAS 18, the advance receipts on December 31, 2018 decreased by $2,000 thousand and the contract liabilities increased by $2,000 thousand, if the IFRS 15 is applied.

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

New standards, interpretations and amendments as endorsed by the FSC effective from 2019 are as follows:

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

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

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

A. The Company will recognize the lease contract of lessees in accordance with IFRS 16. However, the Company does not intend to restate the financial statements of prior periods (hereinafter referred to as the 'modified retrospective approach'). As of January 1, 2019, the 'right-of-use asset' and lease liability may be increased by $1,396 thousand and $1,354 thousand respectively.

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

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

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

New standards, interpretations and amendments	Main amendments	IASB effective date
Disclosure Initiative - Definition of Material (amendment to IAS 1 and IAS 8)	This amendment clarifies the definition of materiality. Information is material if omitting, misstating or obscuring could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.	January 1, 2020
Definition of a business (amendments to IFRS 3)	This amendment clarifies the definition of the business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. To remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, add an optional concentration test for a company, when the fair value of the total assets acquired is almost from a single asset (or a group of similar assets), without further evaluation, to determine whether an acquired set of activities and assets is not a business.	January 1, 2020

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Sale or Contribution of Assets Between An Investor and Its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	The amendment revised the accounting treatment in sales or purchase of assets between joint venture and its associate. The gains and losses resulting from transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognized in full in the investor's financial statements.	To be determine by IASB
IFRS 17 'Insurance Contracts'	This Standard replaces IFRS 4 'Insurance Contracts' and establishes the principles for the recognition, measurement, presentation and disclosure of Insurance and reinsurance contracts that it issues by the entities. This standard applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds; and investment contracts with discretionary participation features it issues, provided that the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations should be separated from insurance contracts. On initial recognition, Each portfolio of insurance contracts issued shall be divided into a minimum of three groups by the entities: onerous, no significant possibility of becoming onerous and the remaining contracts in the portfolio. This Standard requires a current measurement model where estimates are re-measured at each reporting period. Measurements are based on discounted contract and probability-weighted cash flows, risk adjustments, and the expected profit from the unearned portion of the contract (contractual service margins).	January 1, 2021

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

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

4. Summary of significant accounting policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

(A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured.
Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

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

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

(4) Classification of current and non-current items

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

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

(B) Assets held mainly for trading purposes;

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

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

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

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

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

(B) Liabilities arising mainly from trading activities;

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

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

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

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

(5) Cash and cash equivalents

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

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

(A) Readily convertible to known amount of cash.

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

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

A. Accounting policy prior to January 1, 2018

(A) Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

a. Hybrid (combined) contracts;

b. They eliminate or significantly reduce a measurement or recognition inconsistency; or

c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

(B) On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

(C) Financial assets at fair value though profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

B. Accounting policy starting from January 1, 2018

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

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

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

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

(7) Financial assets at fair value through other comprehensive income (Accounting policy starting from January 1, 2018)

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

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

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

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

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

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

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

(8) Loans and accounts receivable（Accounting policy prior to January 1, 2018）

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(9) Notes and accounts receivable (Accounting policy starting from January 1, 2018)

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

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

(10) Impairment of financial assets

A. Accounting policy prior January 1, 2018

(A) The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(B) The criteria that the Company uses to determine whether there is objective evidence of impairment loss is as follows:

a. Significant financial difficulty of the issuer or debtor;

b. A breach of contract, such as a default or delinquency in interest or principal payments;

c. The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

d. It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

e. The disappearance of an active market for that financial asset because of financial difficulties;

f. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

g. Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

h. A significant or prolonged decline in the fair value of an investment in an equity instrument to be below its cost.

(C) When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

a. Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

b. Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. Accounting policy starting from January 1, 2018

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

(11) Derecongition of financial assets

The Company derecognizes a financial asset when:

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

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

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

(12) Lease receivables/lease(lessor)

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

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

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

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

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

(13) Inventories

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

(14) Investments accounted for under the equity method

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

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

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

(15) Property, plant and equipment

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

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

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

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

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

(16) Impairment of non-financial assets

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

(17) Borrowings

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

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

(18) Notes and accounts payable

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

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

(19) Provisions

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

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A) Defined contribution plans

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

(B) Defined benefit plans

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

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

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

C. Termination benefit

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

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

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

(21) Income tax

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

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

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

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

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

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

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

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

(22) Treasury stock

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

(23) Revenue and costs recognition

A. Accounting policy prior January 1, 2018

(A) The costs of long-term construction contracts are recognized in “construction in progress”. When the properties under development are sold, payment received from sales of properties under development are recorded as “receipts in advance”. Accounting for income and costs are recognized when the property is completed according to relevant laws and upon the transfer of control and significant risks and rewards of ownership of the property to buyers.

(B) Leasing income is recognized in profit on a straight-line basis over the lease term. Lease incentives given are an integral part of the aggregate benefit and shall recognize as a reduction in rental payments on a straight line basis. Subleasing income is recognized in profit as “rental income”.

B. Accounting policy starting from January 1, 2018

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

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

(24) Operating segments

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

(25) Earnings per shares

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

(26) Dividends

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

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

Evaluation of inventories

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

Therefore, there might be material changes to the evaluation.

As of December 31, 2018, the Company's carrying amount of inventories is $3,042,034 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31,			
	2018		2017	
Cash on hand and working capital	$	150	$	150
Checking accounts and demand deposits		274,276		258,559
Time deposit		66,601		-
Total	$	341,027	$	258,709

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

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

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

A. As of December 31, 2018

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

B. As of December 31, 2017

		December 31, 2017
Financial assets held for trading		
Listed stocks	$	-
Beneficiary certificates		9,126
Total	$	9,126
Current	$	9,126
Non-current		-
Total	$	9,126

C. Information relating to credit risk of financial assets at fair value through profit or loss, please refer to Note 12(2).

(3) Financial assets at fair value through other comprehensive income as of December 31, 2018:

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

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

B. The above investments were initially classified as financial assets measured at cost under IAS 39. For the reclassification, please refer to Note 3(1)2.

C. On April 2, 2008, Emphasis Materials, Inc. was dissolved by resolution. As of December 31, 2018, the liquidation process has not yet been completed.

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

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

(4) Financial assets carried at cost as of December 31, 2017:

	December 31, 2017	
Domestic unlisted equity investments	$	3,363
Overseas unlisted equity investments		7,470
Less: impairment	(	4,732)
Total	$	6,101
Current	$	-
Non-current		6,101
Total	$	6,101

A. The Company's above mentioned equity investments are not traded in active market and the fair value cannot be measured reliably. Therefore those equity investments were classified as 'financial assets carried at cost'.

B. On April 2, 2008, Emphasis Materials, Inc. was dissolved by resolution. As of December 31, 2017, the liquidation process has not yet been completed.

C. On May 20, 2008, Core Pacific Venture Capital Corp. was dissolved by the resolution and the liquidation was completed on June 30, 2017. The Company received refund of capital $3,043 thousand. The cost of financial assets measured at cost and accumulated impairment loss of $4,434 thousand were written off, respectively and recognized a gain on reversal of impairment loss of $3,043 thousand was recognized.

D. The reference date of capital reserve reduction and refund of New Castle Investment Development Corp. applied on April 25, 2017. The Company received $2,615 thousand after capital reserve reduction.

E. None of the Company financial assets carried at cost are pledged.

(5) Notes receivable and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 54	$ 4,215
Less: allowance for doubtful accounts	-	-
	54	4,215
Accounts receivable	-	-
Less: allowance for doubtful accounts	-	-
	-	-
Total	$ 54	$ 4,215

A. As of December 31, 2018

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

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

(C) The Company measures the allowance for doubtful notes and accounts receivable by using the provision matrix are as follows:

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

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

B. As of December 31, 2017

(A) The Company grants an interest free and average credit term of 60 days to its customer accounts. The determination of the collectability of account receivables and note receivables requires the Company to make judgments on any change of credit quality from the beginning to the end of the credit term.

The Company is in construction industry that is special in nature compared to other industry. Based on the historical experience of the Company, the situation of uncollectable accounts receivable and notes receivable is rarely.

The Company is in construction industry with a wide range of unrelated customer base, therefore concentration of credit risk is limited.

(B) The Company's aging analysis of notes receivable and accounts receivable for December 31, 2017 is as follows:

	December 31, 2017
Not past due	$ 4,215
Past due less than 1 month	-
Past due 1-3 months	-
Past due 3-6 months	-
Past due over 6 months	-
Total	$ 4,215

(C) As of December 31, 2017, the Company did not have aging analysis of notes receivable and accounts receivable that were past due but not impaired.

(D) The Company's maximum exposure to credit risk at December 31, 2017 was the carrying amount of each class of accounts receivable and note receivables.

(6) Other receivables

	December 31,	
	2018	2017
Other receivables	$ 16,860	$ 44,399
Less: allowance for doubtful accounts	(16,245)	(16,245)
Total	$ 615	$ 28,154

(7) Inventories

	December 31,	
	2018	2017
Lands for sale	$ 94,327	$ 775,458
Buildings for sale	48,750	368,281
Lands held for construction	2,970,517	2,685,345
Construction in progress	317,836	246,596
Less: allowance for decline in market value and obsolescence	(389,396)	(389,396)
Total	$ 3,042,034	$ 3,686,284

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

	December 31,			
	2018		2017	
Case	Lands for sale	Buildings for sale	Lands for sale	Buildings for sale
Li Hsiang Jia A	$ 511	$ 1,251	$ 511	$ 1,251
Sheng Huo Jia A	2,864	2,482	3,499	3,033
Ya Dian Wang Chao A	-	456	-	456
Ya Dian Wang Chao B	-	1,722	-	1,722
Hang Sha	5,505	2,809	5,505	2,809
Shi Tan Duan A	85,447	40,030	667,909	312,045
Shi Tan Duan B	-	-	98,034	46,965
Total	$ 94,327	$ 48,750	$ 775,458	$ 368,281

B. Lands held for construction and construction in progress details:

	December 31,			
	2018		2017	
Case	Lands held for construction	Construction in progress	Lands held for construction	Construction in progress
Shu Lin An	$ 112,371	$ 85,821	$ 112,371	$ 85,821
Sheng Huo Jia B	7,803	1,350	7,803	1,350
Hsin Dian He Feng	483,764	148,391	483,764	148,391
Fu De Duan B	423	-	423	-
Hsin Guang Lu B	2,217	-	2,217	-
Rong Hsing Duan	73,440	3,811	73,440	3,696
Huai Sheng Duan	1,382,161	6,003	1,382,161	5,955
Yun He Jie A	621,454	72,460	621,454	1,383
Yun He Jie B	1,712	-	1,712	-
Wen Lin Bei Lu	285,172	-	-	-
Total	$ 2,970,517	$ 317,836	$ 2,685,345	$ 246,596

C. For the years ended December 31, 2018 and 2017, did not have interest capitalized as cost of inventory.

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

E. Significant information on construction projects.

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

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

	For the year ended December 31,	
	2018	2017
Cost of sales	$ 1,009,012	$ 57,823
Impairment loss	-	-
Total	$ 1,009,012	$ 57,823

(8) Other financial assets

	December 31,			
	2018		2017	
Time deposits	$	197,658	$	250,800
Cash in bank		5,390		10
Total	$	203,048	$	250,810
Current	$	203,048	$	250,810
Non-current		-		-
Total	$	203,048	$	250,810

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

(9) Investments accounted for under equity method

	December 31,					
Investee Companies	2018		Ownership %	2017		Ownership %
Non-listed Company						
Dahyoung Real Estate Development Co., Ltd. (Dahyoung)	$	39,592	99	$	39,548	99
Huachien Development Co., Ltd. (Huachien)		350,011	58		351,202	58
Total	$	389,603		$	390,750	

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

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

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

Balance sheet

	Dahyoung	
	December 31,	
	2018	2017
Current assets	$ 32,771	$ 33,181
Non-current assets	7,287	6,832
Current liabilities	(66)	(65)
Non-current liabilities	-	-
Total net assets	$ 39,992	$ 39,948
Share of net assets of the associate	$ 39,592	$ 39,548
Goodwill	-	-
Carrying amount of the associate	$ 39,592	$ 39,548

	Huachien	
	December 31,	
	2018	2017
Current assets	$ 1,262,421	$ 1,213,592
Non-current assets	94,030	102,685
Current liabilities	(6,981)	(13,406)
Non-current liabilities	(722,999)	(661,351)
Total net assets	$ 626,471	$ 641,520
Share of net assets of the associate	$ 350,011	$ 351,202
Goodwill	-	-
Carrying amount of the associate	$ 350,011	$ 351,202

Statement of comprehensive income

	Dahyoung	
	For the year ended December 31,	
	2018	2017
Revenue	$ -	$ -
Net income (loss) for the year	(444)	3,693
Other comprehensive loss, net of tax	(399)	-
Total comprehensive income (loss) for the year	($ 843)	$ 3,693
Dividends received from the associate	$ -	$ -

	Huachien	
	For the year ended December 31,	
	2018	2017
Revenue	$ 11,110	$ 6,522
Net loss for the year	(16,337)	(19,756)
Other comprehensive income, net of tax	1,033	4,550
Total comprehensive loss for the year	($ 15,304)	($ 15,206)
Dividends received from the associate	$ -	$ 2,141

(10) Property, plant and equipment

	Lands	Buildings	Transportation equipment	Office equipment	Other equipment	Total
Cost						
At January 1, 2017	$ 36,006	$ 36,047	$ 639	$ 6,572	$ 257	$ 79,521
Additions	-	110	-	250	-	360
Disposals and scrapped	-	(614)	-	(831)	-	(1,445)
At December 31, 2017	36,006	35,543	639	5,991	257	78,436
Additions	-	-	-	-	-	-
At December 31, 2018	$ 36,006	$ 35,543	$ 639	$ 5,991	$ 257	$ 78,436

	Lands	Buildings	Transportation equipment	Office equipment	Other equipment	Total
Accumulated depreciation and impairment						
At January 1, 2017	$ -	$ 11,655	$ 40	$ 4,266	$ 135	$ 16,096
Depreciation	-	1,394	80	1,125	29	2,628
Disposals and scrapped	-	(614)	-	(831)	-	(1,445)
At December 31, 2017	-	$ 12,435	$ 120	$ 4,560	$ 164	$ 17,279
Depreciation	-	1,380	80	823	29	2,312
At December 31, 2018	$ -	$ 13,815	$ 200	$ 5,383	$ 193	$ 19,591
Net book value						
At December 31, 2017	$ 36,006	$ 23,108	$ 519	$ 1,431	$ 93	$ 61,157
At December 31, 2018	$ 36,006	$ 21,728	$ 439	$ 608	$ 64	$ 58,845

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

(11) Impairment of non-financial assets

For the years ended December 31, 2018 and 2017, the Company did not have recognized on reversal loss of impairment loss of property, plant and equipment.

(12) Short-term borrowings

	December 31, 2018	December 31, 2017
Secured borrowings	$ -	$ 511,057
Interest rate range	-	1.68%~2.00%

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

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

(13) Short-term notes and bills payable

	Acceptance agencies	December 31, 2018	December 31, 2017
Short-term notes and bills payable	Dah Chung Bills Finance Corp.	$ 320,000	$ 400,000
Less: unamortized discount		(17)	(37)
Total		$ 319,983	$ 399,963

A. The interest rate of short-term notes and bills payable for December 31, 2018 and 2017 is 0.64% and 0.48% respectively.

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

(14) Notes payable and accounts payable

	December 31, 2018	December 31, 2017
Notes payable	$ 1,647	$ 1,282
Accounts payable		
Estimated accounts payable	20,357	59,705
Total	$ 22,004	$ 60,987

(15) Long-term borrowings

Details	December 31, 2018	December 31, 2017
Secured long-term borrowings		
- Starting from November 2013, the repayments made monthly until October, 2016. In October, 2016, the repayment date became a one-off payment in October 2019 in according to supplementary contract. In July 2017, in according to another supplementary contract, the repayment will be at a minimum of 70% of the total sales price if there is a sale of property, the repayment of remaining amount will be a one off-payment in October 2020, with floating interest rate. The interest rate as of December 31, 2018 and 2017 was 2.05% and 2.1% respectively.	$ 403,000	403,000
- Originally expire and repay in a one-off payment in October, 2019. In July 2017, in according to a supplementary contract, the repayment will be at a minimum of 70% of the total sales price if there is a sale of property, the repayment of remaining amount will be a one off-payment in October 2020, with floating interest rate. The interest rate as of December 31, 2018 and 2017 was 2.05% and 2.1% respectively.	110,000	110,000
Total	513,000	513,000
Less: long-term borrowings expired within an operating cycle	(513,000)	(513,000)
Net	$ -	$ -

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

Due by	Amount
December 31, 2020	$ 513,000

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

(16) Pensions

A. Defined benefit plans

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

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

	December 31,	
	2018	2017
Present value of funded obligations	($ 32,445)	($ 31,422)
Fair value of plan assets	22,063	14,369
Net defined benefit liabilities	($ 10,382)	($ 17,053)

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

	Present value of funded obligations	Fair value of plan assets	Net defined benefit liabilities
For the year ended December 31, 2017			
Balance as of January 1	($ 13,489)	$ 11,706	($ 1,783)
Interest (expense) income	(202)	175	(27)
Past service costs	(17,802)	-	(17,802)
	(31,493)	11,881	(19,612)
Re-measurements			
Impact of change in financial assumptions	(181)	-	(181)
Examined adjustments	252	(69)	183
	71	(69)	2
Employer contribution	-	2,557	2,557
Balance as of December 31	($ 31,422)	$ 14,369	($ 17,053)

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

(D) The Bank of Taiwan was entrusted to manage the Fund of the Company's defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund". With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilization Report published by the government.

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

	For the year ended December 31,	
	2018	2017
Discount rate	1.09%	1.39%
Future salary increases	3.00%	3.00%
Expected return on plan assets	1.09%	1.39%

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

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

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

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
December 31, 2017	0.5%	0.5%	0.5%	0.5%
Impact on present value of defined benefit obligation	($ 1,960)	$ 2,100	$ 2,055	($ 1,940)

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

(F) Estimated contributions to the defined benefit pension plans of the Company within one year from December 31, 2018 amounting to $627 thousand.

(G) As of December 31, 2018, the weighted average period for the pension plan is 12 years.

Analysis of the pension payment past due is as follow:

Less than a year	$	24,034
One to two years		2,290
Two to five years		898
Over five years		922
	$	28,144

B. Defined contribution plan

Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Under the new plan, the Company contributes to the employees' individual pension accounts at the Bureau of Labor Insurance. The pension costs under the defined contribution pension plans of the Company for the year ended December 31, 2018 and 2017 was $1,467 thousand and $1,437 thousand respectively.

(17) Provisions

	Provisions for employee benefits	
At January 1, 2017	$	983
Addition during the year		140
At December 31, 2017		1,123
Addition during the year		622
Used during the year	(	1,123)
At December 31, 2018	$	622

Analysis of provisions was as follow:

	December 31,			
	2018		2017	
Current	$	622	$	1,123
Non-current	$	-	$	-

(18) Share Capital

A. As of December 31, 2018, the Company's authorized capital was $5,336,135 thousand with par value of $10 per share. As of December 31, 2018, total paid-in capital was $2,707,525 thousand.

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

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

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

	Number of outstanding shares (in thousand)	
	For the year ended December 31,	
	2018	2017
At January 1	270,753	270,753
Issuance of shares through capitalization of retained earnings	-	-
At December 31	270,753	270,753

C. Treasury stock

Movements of ordinary shares held by the Company's subsidiaries for the years ended December 31, 2018 and 2017 are as follows:

For the year ended December 31, 2018

(Unit: New Taiwan dollars)

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

For the year ended December 31, 2017

		Increase (decrease) during the year			(Unit: New Taiwan dollars)	
Name of subsidiary	Share at January 1	Number of share	Sale price	Share at December 31	Par value per share	Market value per share
Huachien	2,676,640	-	$ -	2,676,640	$ 24.11	$ 15.2

(19) Capital surplus

	December 31, 2018	December 31, 2017
Cash dividend unclaimed for over five years	$ 504	$ 342
Adjusted difference by equity method	1,100	1,100
Gains after tax on disposal of property, plant and equipment held by subsidiary under equity method	7,487	7,487
Treasury stock transaction	149	-
Total	$ 9,240	$ 8,929

Pursuant to the ROC Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit.

(20) Retained earnings

A. Legal reserve

Pursuant to the ROC Company Act, 10% of the current year's earnings, after payment of all taxes and after offsetting all accumulated deficits, shall be set aside as legal reserve. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital; and resolved in shareholders' meeting.

B. Special reserve

In accordance with the regulations, if the Company's debit balance on other equity items resulted from the exchange difference on translation of overseas operation; or unrecognized gain or loss on financial assets held for sales, the Company therefore shall set aside special reserve within following limitation at the balance sheet date before distributing earnings:

(A) For current year's debit balance on other equity items, special reserve recognized should not exceed total of current year earnings after tax plus retain earnings brought forward from previous years.

(B) For the prior year's debit balance on the equity item, special reserve recognized should not exceed total of prior year earnings after tax plus retained earnings bought forward from previous years.

(C) When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

C. Distribution of retained earnings

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

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

D. The shareholders at the parent company's annual shareholders' meeting on June 15, 2018 adopted a resolution that no distribution of earnings due to the loss for the fiscal year 2017. In addition, on May 31, 2017, the parent company adopted a resolution at the shareholders' meeting to distribute the retained earnings for the fiscal year 2015 and proposed a statutory surplus reserve of $42,123 thousand and a shareholder dividend of $216,602 thousand.

E. For details of information on employee's bonus and directors and supervisors' remuneration, please refer to Note 6(25).

(21) Revenue

	For the year ended December 31,	
	2018	2017
Revenue from customer contracts		
Sales revenue - lands	$ 948,671	$ 43,801
Sales revenue - buildings	251,285	17,876
	1,199,956	61,677
Rental income	1,113	1,084
Total	$ 1,201,069	$ 62,761

A. The Company has adopted IFRS 15 to derives revenue from customer contracts, the timing of revenue recognition in 2018 is as follows:

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

B. Contracts liabilities

	For the year ended December 31,	
	2018	2017
Contracts liabilities:		
Sales of properties	$ 2,000	$ 48,020

The decrease in the contracts liabilities of the Company for the current period as compared to December 31, 2017 was mainly due to the fulfillment of the performance obligations, and the pre-collected portion of the consideration was recognized as income.

The revenue recognized that was included in the contract liability at the beginning of 2018 was $48,020 thousand.

(22) Other income

	For the year ended December 31,	
	2018	2017
Interest income	$ 3,566	$ 4,373
Dividend income	188	295
Other income - other	8,013	12,089
Total	$ 11,767	$ 16,757

(23) Other gains and losses

	For the year ended December 31,	
	2018	2017
Net currency exchange gains (losses)	$ 3,442	($ 12,580)
Net gains (losses) on financial assets at fair value through profit or loss	(17,731)	19,647
Gain on reversal of financial assets	-	3,043
Other non-operating losses	(80)	(4,247)
Total	($ 14,369)	$ 5,863

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

	For the year ended December 31,					
	2018			2017		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	$ -	$ 49,005	$ 49,005	$ -	$ 64,916	$ 64,916
Depreciation	-	2,312	2,312	-	2,628	2,628

(25) Employee benefit expenses

	For the year ended December 31,			
	2018		2017	
Wages and salaries - Non-director employee	$	33,847	$	32,418
Wage and salaries - director's remuneration		8,789		8,746
Labor and health insurance contribution		2,645		3,067
Pension costs		1,843		19,266
Other personnel expenses		1,881		1,419
Total	$	49,005	$	64,916

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

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

B. The compensation to employees were determined by the profit of the year. In 2018 and 2017, the employees' compensation and directors' remuneration of the parent company was $864 thousand, $0 thousand, $864 thousand and $0 thousand, respectively.

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

The shareholders' meeting in 2017 resolved that the compensation to employees and remuneration to directors for the year ended December 31, 2016 were $10,009 thousand and there was $2 thousand difference compared to estimated amount and was recognized in a profit and loss in 2017.

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

(26) Finance costs

	For the year ended December 31,	
	2018	2017
Interest expense:		
Bank loans	$ 15,935	$ 24,162
Less: capitalization of qualifying assets	-	-
Total	$ 15,935	$ 24,162

(27) Income tax

A. Income tax expense

Components of income tax expense:

	For the year ended December 31, 2018	2017
Current income tax for the year:		
Land value increment tax included in current income tax for the year	$ 14,565	$ 1,066
Additional 10% surtax on undistributed retained earnings	-	4,397
Imputation tax credit on overly distributed earnings	-	101
Current income tax for the year	14,565	5,564
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Income tax expense	$ 14,565	$ 5,564

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

	For the year ended December 31, 2018	2017
Income before income tax	$ 41,439	($ 108,656)
Income tax expense at statutory rate	8,288	(18,472)
Tax effect of adjusting items		
Permanent differences	(22,094)	10,079
Loss on unrecognized deferred tax assets	19,387	7,152
Unrecognized temporary differences	(5,581)	1,241
Additional 10% surtax on undistributed retained earnings	-	4,397
Imputation tax credit on overly distributed earnings	-	101
Land value increment tax	14,565	1,066
Income tax expense	$ 14,565	$ 5,564

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

	December 31,	
	2018	2017
Loss carry forward		
Expired in 2019	$ 10,325	$ 9,238
Expired in 2020	144,541	122,860
Expired in 2023	8,706	7,400
Expired in 2024	21,519	18,291
Expired in 2025	34,776	29,560
Expired in 2026	14,432	12,267
Expired in 2027	8,414	7,152
Expired in 2028	19,351	-
	262,064	206,768
Deductible temporary differences		
Inventories	77,879	62,994
Allowance for doubtful accounts	3,249	2,762
Financial assets carried at costs	-	19,282
Financial assets at fair value through other comprehensive income	22,685	-
Prepayments	887	4,752
Net defined benefit liabilities	1,701	2,596
Provisions for liabilities	124	43
Receipts in advance for lands and buildings	-	2,305
Unrealized exchange gains and losses	1,475	1,811
	108,000	96,545
Total	$ 370,064	$ 303,313

D. As of December 31, 2018, details of the Company's deferred tax assets for future utilization were as below:

Expiry date	Unused loss carry forward
2019	$ 10,325
2020	144,541
2023	8,706
2024	21,519
2025	34,776
2026	14,432
2027	8,414
2028	19,351
Total	$ 262,064

E. The Company's income tax returns through 2016 have been assessed by the Tax Authority.

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

(28) Earnings per share

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

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to common shareholders	$ 26,874	270,753	
Profit attributable to share of the parent company held by subsidiaries	-	(2,657)	
Profit attributable to common shareholders	$ 26,874	268,096	$ 0.1
Diluted earnings per share			
Profit attributable to common shareholders	$ 26,874	268,096	
Assumed conversion of all dilutive potential ordinary shares			
Employee's bonus	-	55	
Profit attributable to common shareholders	$ 26,874	268,151	$ 0.1

	For the year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Loss attributable to common shareholders	($ 114,220)	270,753	
Profit attributable to share of the parent company held by subsidiaries	-	(2,677)	
Loss attributable to common shareholders	($ 114,220)	268,076	($ 0.43)

Diluted earnings per share

None.

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

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

	For the year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Loss attributable to common shareholders	($ 114,220)	270,753	($ 0.42)
Diluted earnings per share			
None.			

(29) Operating leases

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

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

	December 31,	
	2018	2017
Within one year	$ 428	$ 1,023
Over one year but within five years	168	664
Over five years	-	-
	$ 596	$ 1,687

(30) Changes in liabilities from financing activities

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

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

7. Related party transactions

(1) Name of related parties and relationship

Name	Relationship
Dahyoung Real Estate Development Co., LTD	Subsidiary
Huachien Development Co., LTD	Subsidiary
Da Jie Investment Co., LTD	Chairman of Da Jie Investment Co., LTD is the first degree of kinship of the director of the Company
Da Sin Investment Co., LTD	Common director
Da Shuo Investment Co., LTD	Chairman of Da Shuo Investment Co., LTD is the first degree of kinship of the director of the Company
Wei Feng Investment Co., LTD	Chairman of Wei Feng Investment Co., LTD is the second degree of kinship of the director of the Company

(2) Significant related party transactions and balances:

A. Sales of goods and services

	For the year ended December 31,	
	2018	2017
Rental income		
- Subsidiaries	$ 58	$ 58
- Other related parties	79	107
Total	$ 137	$ 165

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

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

	December 31,	
	2018	2017
Other receipts in advance		
- Subsidiaries	$ 14	$ 14
- Other related parties	14	14
Total	$ 28	$ 28

(3) Key management *compensation*

	For the year ended December 31,	
	2018	2017
Salaries and other short–term employee benefits	$ 16,435	$ 16,317
Termination benefits	-	-
Post-employment benefits	-	-
Other long–term employee benefits	-	-
Share-based payment	-	-
Total	$ 16,435	$ 16,317

8. Pledged of assets

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

		Carrying amount	
		December 31,	
Pledged assets	Purposes	2018	2017
Inventories			
Lands for sale	Short-term borrowing and performance guarantee	$ 5,505	$ 410,350
Buildings for sale	Short-term borrowing and performance guarantee	2,809	192,468
Lands held for construction	Long-term borrowing and short-term bills payable	2,005,327	2,005,327
Construction in progress	Short-term bills payable	72,460	-
Property, plant and equipment			
Lands	Short-term borrowing	36,006	36,006
Buildings	Short-term borrowing	21,727	23,108
Other equipment	Short-term borrowing	64	93
Other financial assets - current	Trust account	5,390	10
Total		$ 2,149,288	$ 2,667,362

9. Significant contingent liabilities and unrecognized commitments

As of December 31, 2018, the Company received the promissory notes from the contractors amounting to $12,424 thousand.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

In January and February, 2019, the Company signed a cooperation contract of construction with eight related land owners including Lin Xing Xiong and two non-related parties, Jian Tan Ancient Temple Foundation and Liugong Irrigation Association. The aforementioned landowners will provide the land of the Section 2, Rong Hsing Duan in Zhongshan Distric of Taipei City; and the Company will fund the construction of the residential building.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares to adjust the most appropriate capital structure. The Company monitors capital on the basis of the gearing ratio. The Company's gearing ratios as of December 31, 2018 and 2017 are as follows:

	December 31,	
	2018	2017
Total liabilities	$ 915,221	$ 1,601,612
Total assets	$ 4,159,624	$ 4,810,081
Gearing ratio	22%	33%

During a recent review of the gearing ratio, the gearing ratio decreased as of December 31, 2018, mainly due to repay borrowings which caused the substantial reduction of liabilities.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 49,479	$ -
Financial assets held for trading	-	9,126
	$ 49,479	$ 9,126
Financial assets at fair value through other Comprehensive income		
Designated investments in equity instrument	$ 4,707	$ -
Available-for-sale financial assets		
Financial assets carried at cost	$ -	$ 6,101
Financial assets/loans and receivables at amortized cost		
Cash and cash equivalents	$ 341,027	$ 258,709
Notes receivable	54	4,215
Other receivables	615	28,154
Other financial assets	203,048	250,810
Refundable deposits	13,251	13,290
	$ 557,995	$ 555,178
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ -	$ 511,057
Short-term notes and bills payable	319,983	399,963
Notes payable	1,647	1,282
Accounts payable	20,357	59,705
Other Payable	11,238	9,711
Long-term borrowings (including current portion)	513,000	513,000
Guarantee deposits	9,305	9,305
	$ 875,530	$ 1,504,023

B. Financial risk management objectives and policies

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

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

(A) Market risk

Market risk is arising from movements in market prices, such as foreign exchange risk and interest rate risk that affecting the Company's earnings or financial instruments held by the Company. The objective of market risk management is to control the market risk exposure within affordable range and to optimize the return on investment.

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

a. Foreign exchange risk

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

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

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

	For the year ended December 31, 2017		
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT$)
Financial assets			
US$: NT$	$ 4,293	29.760	($ 6,663)
CN￥ : NT$	170	4.565	(10)
HK$: NT$	11,056	3.807	(485)

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

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

	December 31, 2018					
	Foreign currency amount	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
US$	$ 3,790	30.715	$ 116,397	5%	$ 5,820	$ -
CN¥	226	4.472	1,011	5%	51	-
HK$	11,058	3.926	43,358	5%	2,168	-
None monetary items						
US$	$ 813	30.715	$ 24,991	5%	$ 1,014	$ 235

	December 31, 2017					
	Foreign currency amount	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
US$	$ 4,293	29.760	$ 127,762	5%	$ 6,388	$ -
CN¥	170	4.565	778	5%	39	-
HK$	11,056	3.807	42,090	5%	2,105	-

b. Interest rate risk

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

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

Sensitivity analysis

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

If the interest rate has increased or decreased by 1% with other variable held constant, the net profit before tax would have increased or decrease by $8,330 thousand and $14,240 thousand for the years ended December 31, 2018 and 2017, respectively, which would be mainly resulted from the Company's borrowing with variable interest rate.

c. Other price risk

In 2018, the Company's equity price risk arising from holding of listed and non-listed equity securities and beneficiary certificates. The equity securities and the beneficiary certificates are financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. In 2017, the Company's equity price risk arised from holding of listed and beneficiary certificates. The equity securities and the beneficiary certificate investments are financial assets for trading. The management of the Company manages risk by having diversified investment portfolios.

Sensitivity analysis

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

If the price of the equity securities and the beneficiary certificates increased/decreased by 10%, the profit and loss of the Company for the year ended 31 December 2018 will be increased/decreased by $4,948 thousand, respectively, which is due to changes in the fair value of financial assets held at fair value through profit or loss. The other equity will be increased/decreased by $471 thousand, respectively, which is due to changes in the fair value of financial assets measured at fair value through other comprehensive income. The profit and loss for the year ended December 31, 2017 will be increased/decreased by $913 thousand, respectively, which is due to changes in the fair value of investments held for trading.

(B) Credit risk

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

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

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

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

(C) Liquidity risk

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

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

Bank borrowings are the important source of liquidity to the Company. As of December 31, 2018 and 2017, the total banking facilities that have not yet utilized by the Company were $645,000 thousand and $537,943 thousand respectively.

Table of liquidity and interest rate risk

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

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

	December 31, 2017				
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
Non-derivative financial liabilities					
Short-term borrowings	$ 514,631	$ -	$ -	$ -	$ 514,631
Short-term notes and bills payable	400,000	-	-	-	400,000
Notes payable	1,282	-	-	-	1,282
Accounts payable	59,705	-	-	-	59,705
Other payables	9,711	-	-	-	9,711
Long-term borrowings (include current portion)	10,773	532,598	-	-	543,371
Guarantee deposits received	-	155	-	9,150	9,305
	$ 996,102	$ 532,753	$ -	$ 9,150	$ 1,538,005

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

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

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

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

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

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 9,126	$ -	$ -	$ 9,126

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

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

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

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

E. There is no transfer between first and second level measured at fair value in 2018 and 2017.

F. Changes in level 3

	For the year ended December 31, 2018
January 1, 2018	$ 6,351
Refund of capital after capital reduction in the current period	(1,561)
Gain recognized in other comprehensive income	(83)
December 31, 2018	$ 4,707

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

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

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

I. Sensitivity analysis of changes in significant unobservable inputs

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

13. Supplementary disclosures

(1) Significant transactions information:

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

(2) Information on investments: Table 2

(3) Information on investments in Mainland China: None

Table 1

Marketable securities held by the Company as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures) (Expressed in thousands of New Taiwan dollars)

Securities held by	Type	Name	Relationship with the securities issuer	General ledger account	December 31, Number of shares/units (in thousands)	Book value	Ownership (%)	Fair value	Footnote Number of collateral share provided (in thousands)	Collateral amounts
The Company	Stock	Emphasis Materials, Inc.	None	Financial assets at fair value through other comprehensive income - non-current	300	$ -	2	$ -	-	$ -
The Company	Stock	New Castle Investment Development Corp.	None	Financial assets at fair value through other comprehensive income - non-current	0.6	4,707	12	4,707	-	-
The Company	Stock	Znyx Network Co. Perf D	None	Financial assets at fair value through other comprehensive income - non-current	51	-	-	-	-	-
The Company	Stock	Znyx Network Co. Perf E	None	Financial assets at fair value through other comprehensive income - non-current	45	-	-	-	-	-
The Company	Stock	Znyx Network Co. Perf F	None	Financial assets at fair value through other comprehensive income - non-current	26	-	-	-	-	-
The Company	Stock	Makalot Industrial Co., Ltd.	None	Financial assets at fair value mandatory through profit or loss	3	510	-	510	-	-
The Company	Stock	Taiwan Semiconductor Manufacturing Co., Ltd.	None	Financial assets at fair value mandatory through profit or loss	2	451	-	451	-	-
The Company	Stock	Global Unichip Corp.	None	Financial assets at fair value mandatory through profit or loss	2	412	-	412	-	-
The Company	Stock	Double Bond Chemical Ind., Co., Ltd.	None	Financial assets at fair value mandatory through profit or loss	9	697	-	697	-	-
The Company	Stock	RichWave Technology Corporation	None	Financial assets at fair value mandatory through profit or loss	19	884	-	884	-	-
The Company	Stock	PCL TECHNOLOGIES,INC.	None	Financial assets at fair value mandatory through profit or loss	8	662	-	662	-	-
The Company	Stock	Eurocharm Holdings Co., Ltd.	None	Financial assets at fair value mandatory through profit or loss	4	448	-	448	-	-
The Company	Stock	ITEQ CORPORATION	None	Financial assets at fair value mandatory through profit or loss	13	650	-	650	-	-
The Company	Fund	Franklin Templeton SinoAm Global Healthcare Fund	None	Financial assets at fair value mandatory through profit or loss	200	1,558	-	1,558	-	-
The Company	Fund	Paradigm Pion Money Market Fund	None	Financial assets at fair value mandatory through profit or loss	176	2,026	-	2,026	-	-
The Company	Fund	Paradigm Taiwan Fund	None	Financial assets at fair value mandatory through profit or loss	94	2,049	-	2,049	-	-
The Company	Fund	Union Money Market Fund	None	Financial assets at fair value mandatory through profit or loss	153	2,020	-	2,020	-	-
The Company	Fund	Union ASHLIC Thematic Fund-A(USD)	None	Financial assets at fair value mandatory through profit or loss	20	5,246	-	5,246	-	-
The Company	Fund	Hua Nan Yung Chong Fund	None	Financial assets at fair value mandatory through profit or loss	248	4,248	-	4,248	-	-
The Company	Fund	Hua Nan Global New Retail Fund A	None	Financial assets at fair value mandatory through profit or loss	300	2,601	-	2,601	-	-
The Company	Fund	Sinopac TWD Money Market Fund	None	Financial assets at fair value mandatory through profit or loss	145	2,015	-	2,015	-	-
The Company	Fund	Capital Potential Income Multi-Asset Fund-A-TWD	None	Financial assets at fair value mandatory through profit or loss	300	2,974	-	2,974	-	-
The Company	Fund	PineBridge Multi-Income Fund-A(USD)	None	Financial assets at fair value mandatory through profit or loss	19	5,486	-	5,486	-	-
The Company	Fund	PineBridge Preferred Securities Income Fund-B(USD)	None	Financial assets at fair value mandatory through profit or loss	34	9,552	-	9,552	-	-
The Company	Fund	Shin Kong Global AI New Industry Fund	None	Financial assets at fair value mandatory through profit or loss	500	4,990	-	4,990	-	-

Table 2-1

Marketable securities held by Huachien as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures) (Expressed in thousands of New Taiwan dollars)

Securities held by	Type	Name	Relationship the securities issuer	General ledger account	December 31,				Footnote	
					Number of shares/units (in thousands)	Book value	Ownership (%)	Fair value	Number of collateral share provided (in thousands)	Collateral amounts
Huachien	Stock	The Company	Parent	Financial assets at fair value through other comprehensive income - non-current	2,067	$ 32,446	0.76	$ 32,446	-	$ -
Huachien	Stock	The Second Credit Corporative of Keelung	None	Financial assets at fair value through other comprehensive income - non-current	0.1	10	-	10	-	-

Table 2-2

Marketable securities held by Dahyoung as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures) (Expressed in thousands of New Taiwan dollars)

Securities held by	Type	Name	Relationship the securities issuer	General ledger account	December 31,				Footnote	
					Number of shares/units (in thousands)	Book value	Ownership (%)	Fair value	Number of collateral share provided (in thousands)	Collateral amounts
Dahyoung	Stock	Hua Vii Venture Capital Corporation	None	Financial assets at fair value through other comprehensive income - non-current	158	2,067	1.58	2,067	-	$ -
Dahyoung	Stock	Znyx Network Co, Pref E	None	Financial assets at fair value through other comprehensive income - non-current	4	-	-	-	-	-
Dahyoung	Stock	Znyx Network Co, Pref F	None	Financial assets at fair value through other comprehensive income - non-current	2	-	-	-	-	-
Dahyoung	Fund	BMO Asia USD Investment Grade Bond ETF	None	Financial assets at fair value through profit or loss	171	10,069	-	10,069	-	-
Dahyoung	Fund	Rinebridge US Dual Core Income Fund-B	None	Financial assets at fair value through profit or loss	1,354	9,956	-	9,956	-	-

Table 3 Information on investments

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

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognized for the year ended December 31, 2018	Footnote
				Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares (in thousands)	Ownership (%)	Book value			
The Company	Dahyoung	16F, No. 460, sec. 5, Chenggong Rd., Neihu Dist, Taipei City 11490	Residential and building development, sale and rental business and wholesale of building material	$ 171,054	$ 171,054	3,869	99	$ 39,592	($ 444)	($ 439)	-
The Company	Huachien	16F, No. 460, sec. 5, Chenggong Rd., Neihu Dist, Taipei City 11490	Residential and building development, sale and rental business	704,993	704,993	18,208	58	350,011	(16,337)	(9,534)	-

14. Segment information

Please refer the consolidated financial statements of Delpha Construction Co., Ltd. for the year ended December 31, 2018.

Delpha Construction Co., Ltd.

Statement of cash and cash equivalents

December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Cash			
Petty cash		$ 150	
Cash in banks			
Checking accounts and demand deposits		91	
Demand deposits		216,878	
Time deposit		66,601	
Foreign currency deposits (Note 1)		57,307	
		340,877	
Total		$ 341,027	

Note 1: Foreign currency deposits

US$	421 thousand
CNY	226 thousand
HK$	11,058 thousand

Statement of notes receivable

December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Notes receivable - non-related parties			
Customer A		$ 54	
Less: allowance for doubtful accounts		-	
Total		$ 54	

Delpha Construction Co., Ltd.

Statement of other receivables

December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Other receivables - non-related parties			
Other receivables		$ 16,247	
Accrued revenue	Interest receivable	613	
		16,860	
Less: allowance for doubtful accounts		(16,245)	
Total		$ 615	

Delpha Construction Co., Ltd.
Statement of financial assets at fair value through profit or loss
December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Name of financial products	Numbers of share/units (in thousands)	Par value	Total	Acquisition costs	Fair value Unit price (in dollars)	Fair value Total
Stock						
Makalot Industrial Co., Ltd.	3	$ 10	$ 30	$ 515	$ 170.0000	$ 510
Taiwan Semiconductor Manufacturing Co., Ltd.	2	10	20	464	225.5000	451
Global Unichip Corp.	2	10	20	474	206.0000	412
Double Bond Chemical Ind., Co., Ltd.	9	10	90	805	77.5000	697
RichWave Technology Corporation	19	10	190	984	46.5000	884
PCL TECHNOLOGIES,INC.	8	10	80	673	82.8000	662
Eurocharm Holdings Co., Ltd.	4	10	40	459	112.0000	448
ITEQ CORPORATION	13	10	130	711	50.0000	650
				5,085		4,714
Fund						
Franklin Templeton SinoAm Global Healthcare Fund	200	10	2,000	2,006	7.7900	1,558
Paradigm Pion Money Market Fund	176	10	1,760	2,018	11.5372	2,026
Paradigm Taiwan Fund	94	10	940	2,665	21.8500	2,049
Union Money Market Fund	153	10	1,530	2,011	13.1835	2,020
Union ASHLIC Thematic Fund-A(USD)	20	31	620	5,988	262.3153	5,246
Hua Nan Yung Chong Fund	248	10	2,480	5,000	17.1200	4,248
Hua Nan Global New Retail Fund A	300	10	3,000	3,000	8.6700	2,601
Sinopac TWD Money Market Fund	145	10	1,450	2,014	13.9033	2,015
Capital Potential Income Multi-Asset Fund-A-TWD	300	10	3,000	3,027	9.9133	2,974
PineBridge Multi-Income Fund-A(USD)	19	31	589	5,556	290.2568	5,486
PineBridge Preferred Securities Income Fund-B(USD)	34	31	1,054	10,038	279.1994	9,552
Shin Kong Global AI New Industry Fund	500	10	5,000	5,010	9.9800	4,990
				48,333		44,765
Total				$ 53,418		$49,479

Delpha Construction Co., Ltd.
Statement of inventories
December 31, 2018
(Expressed in thousands of New Taiwan dollars)

Item	Case	Cost	Net realizable value	Valuation allowance	Note
Lands for sale and buildings for sale	Li Hsiang Jia A	$ 1,762	$ -	($ 1,762)	
	Sheng Huo Jia A	5,346	6,330	-	
	Ya Dian Wang chao A	456	-	(456)	
	Ya Dian Wang chao B	1,722	-	(1,722)	
	Hang sha	8,314	10,550	-	
	Shi Tan Duan A	125,477	134,144	-	
	Subtotal	143,077	151,024	(3,940)	
Lands held for construction and construction in progress	Shu Lin An	198,192	127,483	(70,709)	
	Sheug Huo Jia B	9,153	6,795	(2,358)	
	Hsin Dian He Feng	632,155	338,192	(293,963)	
	Fu De Duan B	423	804	-	
	Hsin Guang Lu B	2,217	3,712	-	
	Rong Hsing Duan	77,251	86,482	-	
	Huai Sheng Duan	1,388,164	1,406,373	-	
	Yun He Jie A	693,914	686,317	(7,597)	
	Yun He Jie B	1,712	1,693	(19)	
	Wen Lin Bei Lu	285,172	274,362	(10,810)	
	Subtotal	3,288,353	2,932,213	(385,456)	
Total		$ 3,431,430	$ 3,083,237	($ 389,396)	

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

Delpha Construction Co., Ltd

Statement of construction in progress

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Case	January 1	Construction cost	Construction expense	Capitalized interest	Transfer	December 31
Shu Lin An	$ 85,821	$ -	$ -	$ -	$ -	$ 85,821
Sheng Huo Jia B	1,350	-	-	-	-	1,350
Hsin Dian He Feng	148,391	-	-	-	-	148,391
Rong Hsing Duan	3,696	-	115	-	-	3,811
Huai Sheng Duan	5,955	-	48	-	-	6,003
Yun He Jie A	1,383	-	71,077	-	-	72,460
Total	$ 246,596	$ -	$ 71,240	$ -	$ -	$ 317,836

Statement of prepayments

December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Prepayment			
Prepayment for purchases		$ 40,000	
Prepaid other expenses		5,837	
Remaining tax credit		7,583	
Other advances		1,718	
Total		$ 55,138	

Please refer to Note 6 (8) for details of other financial assets – current.

Delpha Construction Co., Ltd.

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

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan dollars)

	Balance, January 1		Increase		Decrease		Balance, December 31			Accumulated	
Company	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Type	Shares (in thousands)	Amount	impairment	Collateral
Emphasis Materials, Inc.	300	$ -	-	$ -	-	$ -	Common stock	300	$ -	Not applicable	None
New Castle Investment Development Corp.	616	6,351	-	-	-	(1,644)	Common stock	616	4,707	Not applicable	None
Zoya Network Co. Pref. C	51	-	-	-	-	-	Preferred stock	51	-	Not applicable	None
Zoya Network Co. Pref. E	45	-	-	-	-	-	Preferred stock	45	-	Not applicable	None
Zoya Network Co. Pref. F	26	-	-	-	-	-	Preferred stock	26	-	Not applicable	None
Total		$ 6,351		$ -		($ 1,644)			$ 4,707		

Note: The decrease of New Castle Investment Development Corp. in the current period are due to refund of capital and capital reserve reduced by $1,561 thousand and the adjustment at the fair value at the end of the period is $83 thousand.

Statement of changes in investments accounted for under equity method

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan dollars)

	Balance, January 1, 2018		Increase		Decrease			Other	Balance, December 31, 2018			Net assets value				
Investees	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	[illegible]	comprehensive [illegible]	Type	Shares (in thousands)	Amount	Total amount	Unit price (NT$)	Ownership %	Valuation method	Collateral
Dahyoung	[illegible]	$ [illegible]		$ [illegible]		$ -	($ [illegible])	($ [illegible])	Common stock	[illegible]	$ [illegible]	[illegible]	$ [illegible]	[illegible]	Equity method	None
Huachen	[illegible]	[illegible]		[illegible]			([illegible])		Common stock	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Equity method	None
Total		$ [illegible]		$ [illegible]		$ -	($ [illegible])	($ [illegible])			$ [illegible]					

Note 1. The increase in Dahyoung is due to application adjustment of IFRS 9.

2. The increase in Huachen is due to the adjustment of disposal of parent company's shares deem as treasury stock transaction by a subsidiary.

Delpha Construction Co., Ltd.

Statement of other non-current assets

December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Refundable deposits	Security deposits of car rental	$ 2,000	
	Security deposits on cooperation case at Long Quan Duan	9,600	
	Deposit for the green building on Wenlin N. Road	1,150	
	Other	501	1
Total		$ 13,251	
Other assets - other	Three pieces of artwork	$ 1,730	

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

For details of property, plant and equipment, please refer to Note 6(10).

For details of accumulated depreciation and impairment loss of property, plant and equipment, please refer to Note 6 (10).

Statement of short-term notes and bills payable

December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Acceptance agencies	Contract period	Interest rates range	Issued amounts	Unamortized discount for notes payable	Book value	Note
Dah Chung Bills Finance Corp.	107.12.07~108.01.04	0.64%	$ 320,000	$ 17	$ 319,983	1

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

For detail of contract liabilities, please refer to Note 6(21)

Delpha Construction Co., Ltd.

Statement of notes payable

December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Customer	Description	Amount	Note
Non-related parties:			
Jih Sun Formosa Auto Leasing CO., Ltd.		$ 1,438	
Jin Tung Company Limited		209	
		$ 1,647	

Statement of accounts payable

December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Customer	Description	Amount	Note
Non-related parties:			
Home Deluxe Enterprise Co., Ltd.		$ 10,592	
Kawabishi Industrial		1,184	
Other		8,581	1
Total		$ 20,357	

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

Delpha Construction Co., Ltd.

Statement of other payable

December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Accrued expenses	Salary and wages payable	$ 2,493	
	Year-end bonus payable	4,991	
	Interest payable	141	
	Services fee payable	1,030	
	Employee's bonus payable	864	
	Director's remuneration payable	864	
	Other	855	1
Total		$ 11,238	

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

For details of provision for liabilities - current, please refer to Note 6(17).

Statement of other current liabilities - other

December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Advance from customers	Other advance	$ 26,438	
Other current liabilities - other	Receipts under custody	249	
Total		$ 26,687	

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

Delpha Construction Co., Ltd.

Statement of non-current liabilities

December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Net defined benefit liabilities		$ 10,382	
Guarantee deposits received	Rental deposits	9,305	
Total		$ 19,687	

Statement of net revenue

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item	Number of ping	Amount	Note
Sales for lands:			
Sheng Huo Jia A		$ 233	
Shi Tan Duan A		812,827	
Shi Tan Duan B		135,611	
Sales for buildings:			
Sheng Huo Jia A	7.28	493	
Shi Tan Duan A	1,891.07	216,460	
Shi Tan Duan B	324.13	34,332	
Rental:			
Hang Sha		91	
Rong Hsing Duan		252	
Ou Zhou Yue Du		135	
Shu Lin An		34	
Huai Sheng Duan		601	
Total		$ 1,201,069	

Delpha Construction Co., Ltd

Statement of cost of revenue

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item	Amount	
Construction in progress, January 1	$	246,596
Add: Addition during the year		71,240
Construction in progress, December 31	(	317,836)
Cost of construction		-
Buildings for sales, January 1		368,281
Add: cost of renovation work		10,171
Buildings for sales, December 31	(	48,750)
Operation cost for buildings		329,702
Lands held for construction, January1		2,685,345
Add: Addition during the year		285,172
Lands held for construction, December 31	(	2,970,517)
Lands for sales, January1		775,458
Add: Prepaid land value increment tax		12,744
Less: Land increment tax	(	14,565)
Lands for sales, December 31	(	94,327)
Operating cost for lands		679,310
Total	$	1,009,012

Statement of selling expenses

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note
Advertising	$	40,731	
Other		473	1
Total	$	41,204	

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

Delpha Construction Co., Ltd

Statement of general & administrative expenses

For the Year Ended December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Item		Amount	Note
Salary	$	42,624	
Taxes		5,359	
Miscellaneous		5,207	
Other		27,714	1
Total	$	80,904	

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

For details of other income, please refer to Note 6(22).

For details of other gains and losses, please refer to Note 6(23)

For details of financial costs, please refer to Note 6(26).

Statement of labor, depreciation and amortization by function

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Classification / Nature	For the years ended December 31,					
	2018			2017		
	Classified as cost of revenue	Classified as operating expenses	Total	Classified as cost of revenue	Classified as operating expenses	Total
Labor cost						
Salary and bonus – non-director employees	$ -	$ 33,847	$ 33,847	$ -	$ 32,418	$ 32,418
Salary and bonus - director's remuneration	-	8,789	8,789	-	8,746	8,746
Labor and health insurance	-	2,645	2,645	-	3,067	3,067
Pension	-	1,843	1,843	-	19,266	19,266
Others	-	1,881	1,881	-	1,419	1,419
Depreciation	-	2,312	2,312	-	2,628	2,628

For the years ended December 31, 2018 and 2017, the number of employees of the Company was 39 and 40 respectively, in which 7 employees for both years ended also acted as director of the Company.

6. Financial Difficulties of the Company and Its Subsidiaries in the Most Recent Year and as of the Annual Report Publication Date, and the Impact on the Financial Status of the Company: None.

【**Review of Financial Conditions, Operating Results, and Risk Management**】

1. Financial Status

Comparative analysis table of financial status in the past two years (consolidated reports):

Unit: NT$1,000

Item \ Year	2018	2017	Difference	
			Amount	%
Current assets	4,990,988	5,588,134	(597,146)	-11%
Non-current assets	147,404	151,110	(3,706)	-2%
Total assets	**5,138,392**	**5,739,244**	**(600,852)**	**-10%**
Current liabilities	902,567	1,588,711	(686,144)	-43%
Non-current liabilities	742,686	687,709	54,977	8%
Total liabilities	**1,645,253**	**2,276,420**	**(631,167)**	**-28%**
Capital stock	2,707,525	2,707,525	0	0%
Capital reserve	9,240	8,929	311	3%
Retained earnings	560,721	527,970	32,751	6%
Other equity	(5,322)	0	(5,322)	--
Treasury stock	(27,761)	(35,955)	8,194	-23%
Non-controlling equity	248,736	254,355	(5,619)	-2%
Total equity	**3,493,139**	**3,462,824**	**30,315**	**1%**

2. Financial Performance

(1) Comparative analysis table of financial performance in the past two years (consolidated reports):

Unit: NT$1,000

Year / Item	2018	2017	Difference(Amount)	Difference (%)
Net operating income	1,212,121	69,225	1,142,896	1651%
Operating cost	1,014,068	57,823	956,245	1654%
Gross profit	198,053	11,402	186,651	1637%
Operating expense	129,875	118,567	11,308	10%
Operating profit/loss	68,178	(107,165)	175,343	-164%
Non-operating income and expenditure	(33,514)	(9,881)	(23,633)	239%
Pre-tax net profit/loss	34,664	(117,046)	151,710	-130%
Income tax expense	14,598	5,363	9,235	172%
After-tax net profit/loss	20,066	(122,409)	142,475	-116%
Net profit/loss of the current period	20,066	(122,409)	142,475	-116%

Notes:

1. The increase of operating income in the current period results in the higher gross profit and operating profit.
2. The non-operating income and expenditure is decreased due to the increase of the loss of the financial assets at fair value through profit/loss.
3. The income tax in the current period is increased due to the land value-added tax of the houses delivered and transferred.

(2) Analysis of gross profit changes

Unit: NT$1,000

	Amount of increase/decrease in the current and the previous periods	Difference reason			
		Price difference	Cost difference	Sale portfolio difference	Volume difference
Gross profit	186,651	--	--	--	--
Description	1. The Company is engaged in the construction industry. The difference reason is not calculated due to the industrial characteristics. 2. The operating income in the current period is increased, so the gross profit is increased accordingly.				

3. Cash Flow

(1) Liquidity analysis for the past two years

Unit: NT$1,000

Year / Item	2018	2017	Increase/decrease(%)
Cash flow ratio (%)	66.93	13.06	412%
Cash adequacy ratio(%)	297.18	232.63	28%
Cash reinvestment ratio (%)	14.19	(0.22)	-6550%

Analysis of changes:

Cash flow ratio: It is because the cash inflow of the operating activity is increased in the current period.

Cash adequacy ratio: It is because the cash inflow of the operating activity is increased in the current period.

Cash reinvestment ratio: It is because the cash inflow of the operating activity is increased in the current period.

＊If the cash flow of operating activities is outflow, it is not calculated.

(2) Cash liquidity analysis for the next year:

Unit: NT$1,000

Beginning cash balance (1)	Cash flow from operating activities expected in the whole year (2)	Cash inflow (outflow) expected in the whole year (3)	Amount of cash balance (shortage) (1)+(2)-(3)	Cash shortage contingency plan	
				Investment Plan	Financing plan
372,646	(401,982)	55,264	(84,600)	--	388,119

Analysis of changes: in cash flow in 2019:

Operating activities: The land acquisition planned results in the cash outflow of the operating activities.

Financing activities: It applies for loan from the financial institutions.

4. Impact of Major Capital Expenditure in the Most Recent Year on Financial Status: None.

5. Re-investment Policy in the Past Year, the Main Reason for Profit or Loss, Improvement Plan and Investment Plan for Next Year:

The Company has no main investment plan in the recent year and the next year.

6. Analysis and Assessment of Risk Issues:

(1) The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

The effect upon the Company's profits (losses)

Item	2018(NT$1,000；%)
Net amount of interest income(Expenditure)	-27,054
Net amount of exchange gain(loss)	3,432
Ratio of interest income(Expenditure) to net operating income	-2.23%
Ratio of interest income(Expenditure) to pre-tax net profit/loss	-78.05%
Ratio of exchange gain(loss) to net operating income	0.28%
Ratio of exchange gain(loss) to pre-tax net profit/loss	9.90%

The debt amount and ratio of the Company currently are lower than that of other operators in the same industry. The lower interest rate of loan still can help the Company save great interests. The Financial Department of the Company will assess the change of interest rate any time based on the latest information of financing announced by the bank, and request the bank to apply the most favorable interest rate for the Company.

The inflation will result in higher price of raw materials. However, it can be still reflected in the price, so the profit can be still maintained at a certain level.

(2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company is not engaged in the high-risk investments, highly leveraged investments, or derivatives transactions, which adopts conservative investment policies. Besides, the Company only provides endorsement and guarantee for the subsidiaries or affiliates when it is absolutely needed, which is cautiously evaluated and approved by the Board of Directors.

(3) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

The Company is engaged in the construction industry. Since the industry doesn’t require the development of new products like general manufacturing industry or other industries do, it has no expenditure for research and development.

(4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment home and abroad, and measures to be taken in response:

The governmental policies and laws such as the actual price registration, the higher standard price of houses, and the integrated housing and land tax, will show impact on the real estate industry. The Company will take necessary response measures based on the condition of policies any time.

(5) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

In the planning of new cases, the Company will adopt new construction technology to save construction time and equip the cases with new technology products for better promotion.

(6) Effect on the company's crisis management of changes in the corporate image, and measures to be taken in response:

The financial structure of the Company is sound and the Bank is willing to provide more favorable loan terms. In addition to the exquisite construction of the land purchased before the development, the Company actively invests in new cases to gain benefits.

(7) Expected benefits and possible risks associated with any merger or acquisition, and mitigation measures to be taken:

The Company doesn’t perform acquisition in the most recent year and as of the Annual Report publication date.

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures to be taken:

The Company doesn’t perform any plant expansion in the most recent year and as of the Annual Report publication date.

(9) Risks associated with any consolidation of sales or purchases, and mitigation measures to be taken:

Due to the characteristics of the construction industry, the suppliers are mainly the construction companies and the land owners. The land acquired by the Company is mainly in the Greater Taipei area, which goes through the inquiry and evaluation operations. When contracting the projects, it compares the prices of various construction companies and selects the large companies with rich experience and adequate fund, so as to reduce risks. The customers are the ordinary people, so there is no risk of concentrated sales.

(10) Effects of risks relating to large share transfers or changes in shareholdings by directors, supervisors, or shareholders with shareholdings of over 10%, and measures to be taken:

There is no large share transfer occurring to the Company in the most recent year and as of the Annual Report publication date.

(11) Effect on the Company as well as risks associated with any change in

management personnel or top management:

There is no incident that the Company is affected by the change in management personnel or top management of the Company in the most recent year and as of the Annual Report publication date.

(12) Litigation or non-litigation matters as of the Annual Report publication date:

Refund case (High Court-2017 Xiao Shang Zi No. 3)

(1) Plaintiff: Lin ○○

(2)Fact: The plaintiff claimed to cancel the contract and return the house payment on the grounds that some public properties (facilities) of【Delpha Reading Green Life Tianqin Special Zone】that he purchased from the Company breached bylaws

(3) It is the Supreme Court now.

(13) Other important risks:

Information security:

The Company controls or maintains the important functions of the information system such as operation and accounting based on the Information Management Regulations approved by the Board of Directors in the Company. The computers are installed with anti-virus software and firewall to ensure the security of the computer systems in the Company. The information system architecture establishes a complete system and data backup mechanism based on its risk level, and the backups are stored in a safe location remotely.

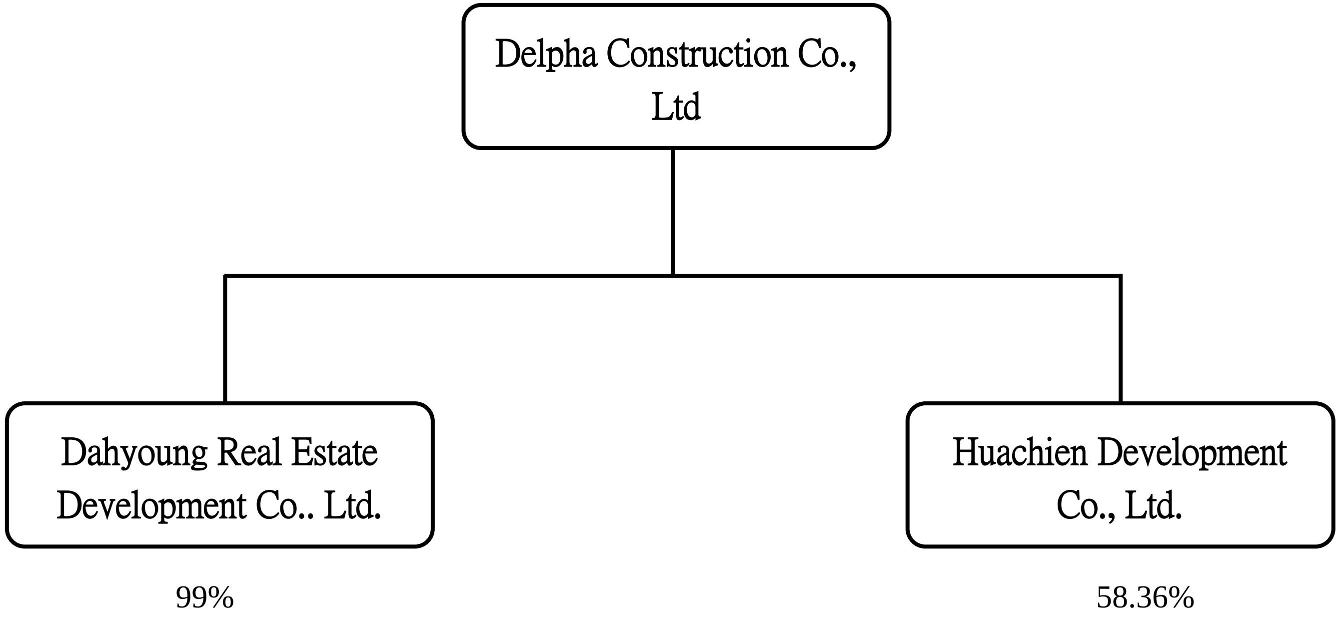
7. Other Important Matters: None

【Special Disclosures】

1. Summary of Affiliated Companies

(1) Consolidated Operation Report of the Affiliates

1. Organizational chart of affiliates



2. Basic data of affiliates:

Unit: NT$1,000; Date: 2019/03/31

Name of company	Date of establishment	Address	Paid-in capital (NT$1,000)	Major businesses or products
Dahyoung Real Estate Development Co..Ltd.	1997/07/23	16F, No. 460, Section 5, Chenggong Road, Neihu District, Taipei City	39,080	Development, lease and sale of houses and buildings, wholesale of construction materials
Huachien Development Co., Ltd.	1998/06/23	16F, No. 460, Section 5, Chenggong Road, Neihu District, Taipei City	312,015	Development, lease and sale of houses and buildings

- ●All affiliates should be disclosed(including the presumptive controlled and affiliated companies)
- ●If the plant is set up by the affiliate, and the sales volume of the products produced by that plant exceeds 10% of the revenue of the controlling company, it should also list the related data of the Company.
- ●If any affiliate is a foreign company, it should be listed in English, calendar year and foreign currency (The exchange rate on the report date should be specified).

3. For the presumptive controlled and affiliated companies, the same data of the directors: None.

4. Directors, Supervisors and General Manager of Affiliates

Unit: share; %; Date: 2019/03/31

Name of affiliate	Title(Note 1)	Name or representative	Shareholding (Note 2)(Note 3)	
			Shares	Percent
Dahyoung Real Estate Development Co..Ltd.	Chairman	Delpha Construction Co.,Ltd	3,868,922	99.00%
		Representative- Lin ,Wen-Liang	6,513	0.17%
	Supervisor	Lin,Jian-Yu	0	0.00%
Huachien Development Co., Ltd.	Chairman	Delpha Construction Co.,Ltd	18,207,735	58.36%
		Representative Lin ,Wen-Liang		
	Director	Delpha Construction Co.,Ltd	18,207,735	58.36%
		Representative – Lee, Chin-Yi		
		Representative Zhi-Cheng,Chen		
	Director	HONGYU Construction Co.,Ltd	9,606,830	30.79%
		Representative - HSU,KAI		
		Representative - CHEN,JING-XIN		
	Supervisor	LIN ,Po-Fong	0	0%

Notes: 1. If the relationship company is a foreign company, it should list the equivalent position.

2. If the invested company is not a holding company, it should fill in the shares and percent of shareholding.

3. When the director or supervisor is a company, it should also list the related data of the representatives.

5. Operations of the affiliates:

Unit: NT$1,000; Date: 2018/12/31

Name of company	Amount of paid-in capital	Total amount of assets	Total amount of liabilities	Net value	Operating income	Operating profit	Profit (loss) of the current term(after tax)	EPS (after tax)
Delpha Construction Co.,Ltd	2,707,525	4,159,624	915,221	3,244,403	1,201,069	69,949	26,874	0.10
Dahyoung Real Estate Development Co..Ltd.	39,080	40,058	66	39,992	-	(277)	(444)	(0.11)
Huachien Development Co., Ltd.	312,015	1,356,451	729,980	626,471	11,110	(1,494)	(16,337)	(0.52)

(1) All affiliates should be disclosed.

(2) If the relationship company is a foreign company, it should list the related figures in NT$ converted based on the exchange rate on the report date.

6. If the industries and overall businesses engaged by the affiliates are correlated, list the labor division situation

Unit: NT$1,000

Name of company	Industries covered by the businesses	Business relationship	Business partner	Amount	Reason for business relationship	Remarks
Delpha Construction Co.,Ltd	Construction industry	None	None	None	None	
Dahyoung Real Estate Development Co..Ltd.	Development, lease and sale of houses and buildings, wholesale of construction materials	None	None	None	None	
Huachien Development Co., Ltd.	Development, lease and sale of houses and buildings	None	None	None	None	

2. Transaction on the company's private placement of securities in the most recent year and as of the Annual Report publication date: None.

3.Holding or disposal of company shares by the Company's subsidiaries in the most recent year and the Annual Report publication date:

Unit: NT$1,000; share; %/Date: 2019/04/30

Name of subsidiary (Note 1)	Amount of paid-in capital	Capital source	Shareholding of the Company	Date of acquisition or disposal	Shares and amount acquired (Note2)	Shares and amount disposed(Note 2)	Investment profit/loss	Shares and amount held as of the Annual Report publication date(Note 3)	Pledge situation	Amount of endorsement and guarantee provided for the subsidiaries	Amount of loan provided for the subsidiaries
Huachien Development Co., Ltd.	312,015	--	58.36%	December,2018 February, 2019	--	2,676,640 shares NT$41,816,072	NT$1,131,144	0 share NT$ 0	--	--	--

Note 1: The subsidiaries should be listed respectively.

Note 2: The amount stated here refers to the amount acquired or disposed actually.

Note 3: The amount stated here refers to the amount of market price as of the Annual Report publication date.

4. Other matters that require additional description: None.

Matters Stated in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, Specifying Their Substantial Impact on Owner's Equity

Matters Stated in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, Specifying Their Substantial Impact on Owner's Equity: None.

Delpha Construction Co., Ltd

Chairman: 李進益

Printed on: April 30, 2019

Plowing Space, Care for Land
Delpha Construction Co., Ltd.
16F, No. 460, Section 5, Chenggong Road, Neihu
District, Taipei City