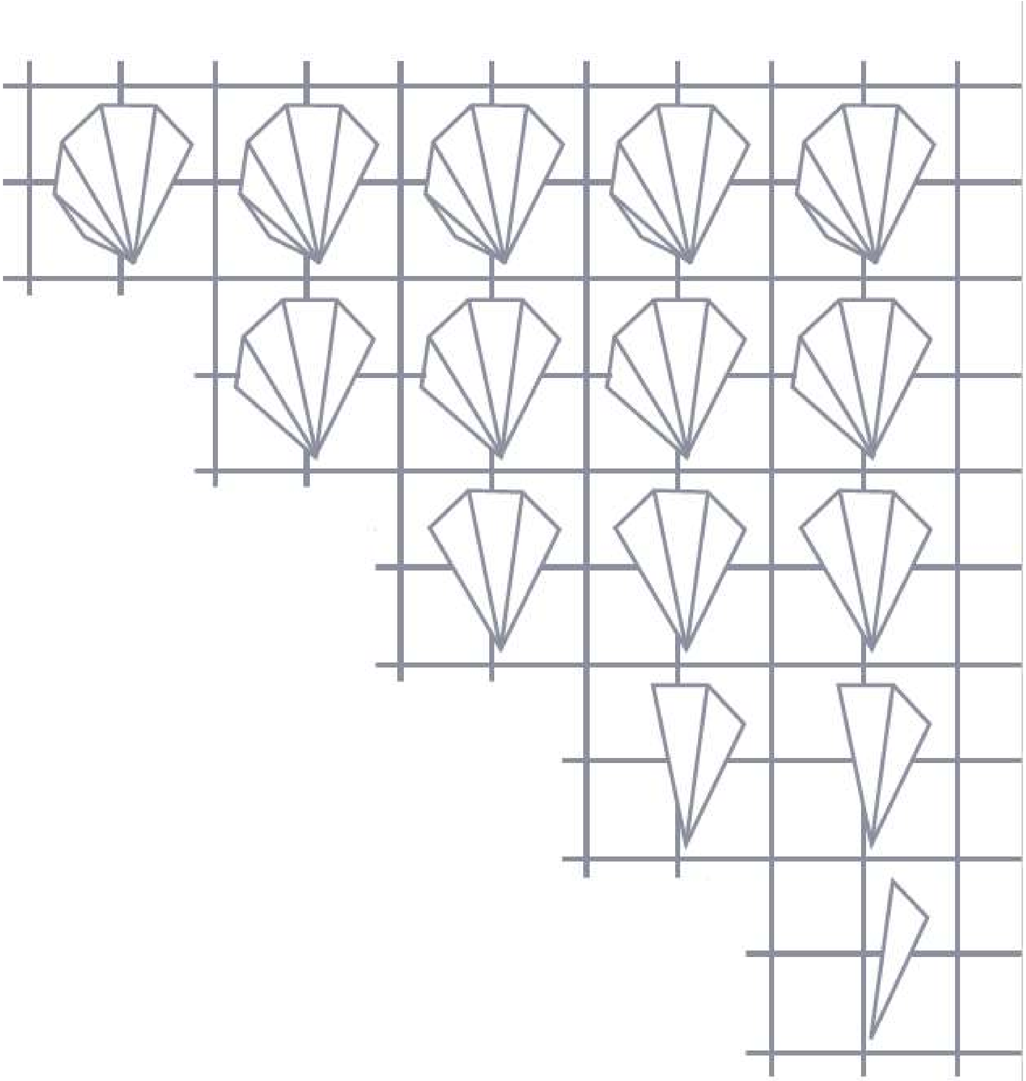
Stock Code: 2530

Delpha Construction



2019 Annual Report

Printed on: April 30, 2020

Taiwan Stock Exchange Market Observation Post System:

http:// mops.twse.com.tw

Annual Report is available at: http://www.delpha.com.tw/tw/invest/p02.aspx

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#【Letter to Shareholders】

1. Preface:

Dear Shareholders,

In prospect of the global economy in 2020, as the US-China trade was is eased, the uncertainty of Brexit is eliminated, the US adopts insurance cut in interest rate and the major countries launch fiscal policies to recover the economy, the major international prediction institutions believe the global economy and trade in 2020 will achieve higher growth than the performance in 2019.

However, after the outbreak of "Novel Coronavirus" epidemic in January 2020, it has gradually spread all over the world. It doesn't only impact the productivity of various countries and restrict economic and trading activities, but also slow down the development of the economic prospects in the worldwide countries. The period of impact depends on whether the epidemic would be controlled or not.

Looking back the housing market in Taiwan, it has maintained a slight growth year for three consecutive years after rebounding from the bottom in 2016. Looking forward the housing market in Taiwan, more and more Taiwanese businesses have returned for investment and purchasing of real estate due to the U.S.-China trade war, the stock index has reached 12,000 points, the land transactions are expanded, the self-occupied houses are increased, and the intention of purchasing is promoted due to the rents at low interest rate. All these favorable factors are showing influence. Although the "Novel Coronavirus" epidemic affects the growth of transactions in the housing market currently like the "2003 SARS epidemic" did when the short-term freezing of transactions caused delays in buying houses, which showed obvious trend of subsequent explosion in the market. It would promote the growth of the subsequent housing market transactions.

This year the Company will release "Wuchang Street-Central One" residence project in Zhongshan District, Taipei City. With the foundation located in the high-value section in Taipei City, after the delicate planning and design, it is believed that this project will be definitely liked by customers and sold smoothly. Moreover, for the two urban renewal projects "Huai Sheng Section Project" and "Taiyuan Road Street", it is estimated that the business plan and right transfer plan will be submitted for review in Q2. The Company is also committed to promoting the purchase of suitable land and the joint construction, with the expectation to create outstanding operating performance for the Company.

Chairman Lee, Chin-Yi

2. 2019 Operating Performance of Delpha Construction

(1) Implementation status of the operation plan in 2019:

１. Implementation status of the operation plan in 2019

Individual **Unit: NT$1,000**

Item	2019	2018	Difference with the previous year	Remarks
Operating income	3,069	1,201,069	(1,198,000)	Negative growth rate 99.74%
Pre-tax net profit(loss)	(68,696)	41,439	(110,135)	

Consolidated **Unit: NT$1,000**

Item	2019	2018	Difference with the previous year	Remarks
Operating income	10,170	1,212,121	(1,201,951)	Negative growth rate 99.16%
Pre-tax net profit(loss)	(73,849)	34,664	(108,513)	

(2)Operating revenue in 2019

Individual **Unit: NT$1,000**

Project	Amount	Remarks
Shitan Section Project A (Reading Green Life Tianqin)	2,000	Housing Income
Terminal Case	91	Rental income
Rongxing Section Case	252	Rental income
Reading the European Case	91	Rental income
Shulin Case	34	Rental income
Huaisheng Section Case	601	Rental income
Total	3,069	

Consolidated **Unit: NTD $ 1,000**

Individual Case	Amount	Remarks
Shitan Section case A (Huyue Tianqin)	2,000	Housing Income
Terminal Case	91	Rental income
Rongxing Section Case	252	Rental income
Reading the European Case	34	Rental income
Shulin Case	34	Rental income
Huaisheng Section Case	601	Rental income
Taiyuan Road Case	7,158	Rental income
Total	10,170	

(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 2019 financial forecast.

(4) Financial revenue & expenditure, and profitability

Parent company

Item		2019	2018
Financial structure %	Debt to assets ratio (%)	25.34	22.00
	Long-term funds to property, plant and equipment ratio (%)	5,440.05	5,546.93
Solvency %	Current ratio	355.44	412.21
	Quick ratio	44.62	66.36
	Times interest earned ratio (times)	(4.26)	3.60
Profitability %	Return on Assets	(1.49)	0.88
	Return on equity	(2.16)	0.83
	Ratio of pre-tax net profit to paid-in capital(%)	(2.54)	1.53
	Net profit (loss) rate	(2,238.38)	2.24
	Earnings per share (NT$)	(0.25)	0.10

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

Consolidated

Item		2019	2018
Financial structure %	Debt to assets ratio (%)	34.53	32.02
	Long-term funds to property, plant and equipment ratio (%)	2,853.47	3,517.75
Solvency %	Current ratio	282.31	552.98
	Quick ratio	28.30	72.75
	Times interest earned ratio (times)	(1.77)	2.13
Profitability %	Return on Assets	(1.11)	0.82
	Return on equity	(2.19)	0.58
	Ratio of pre-tax net profit to paid-in capital(%)	(2.73)	1.28
	Net profit (loss) rate	(740.35)	1.66
	Earnings per share (NT$)	(0.25)	0.10

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

(5) Research and development situation: Please refer to Page 84 of this Annual Report.

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

3. 2020 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.
2019	(1) "The urban green" located in Yunhe Street, Da'an District, Taipei City, with 3-storey underground/12-storey aboveground residential building
2020	(1) "Central One" joint construction project located in Wuchang Street, Zhongshan District, Taipei City, with 2-storey underground/7-storey aboveground residential building

(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.
2019	An interim shareholders' meeting was held on December 23, 2019 to set December 25, 2019 as the dissolution reference date. It is still in the process of liquidation.

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.

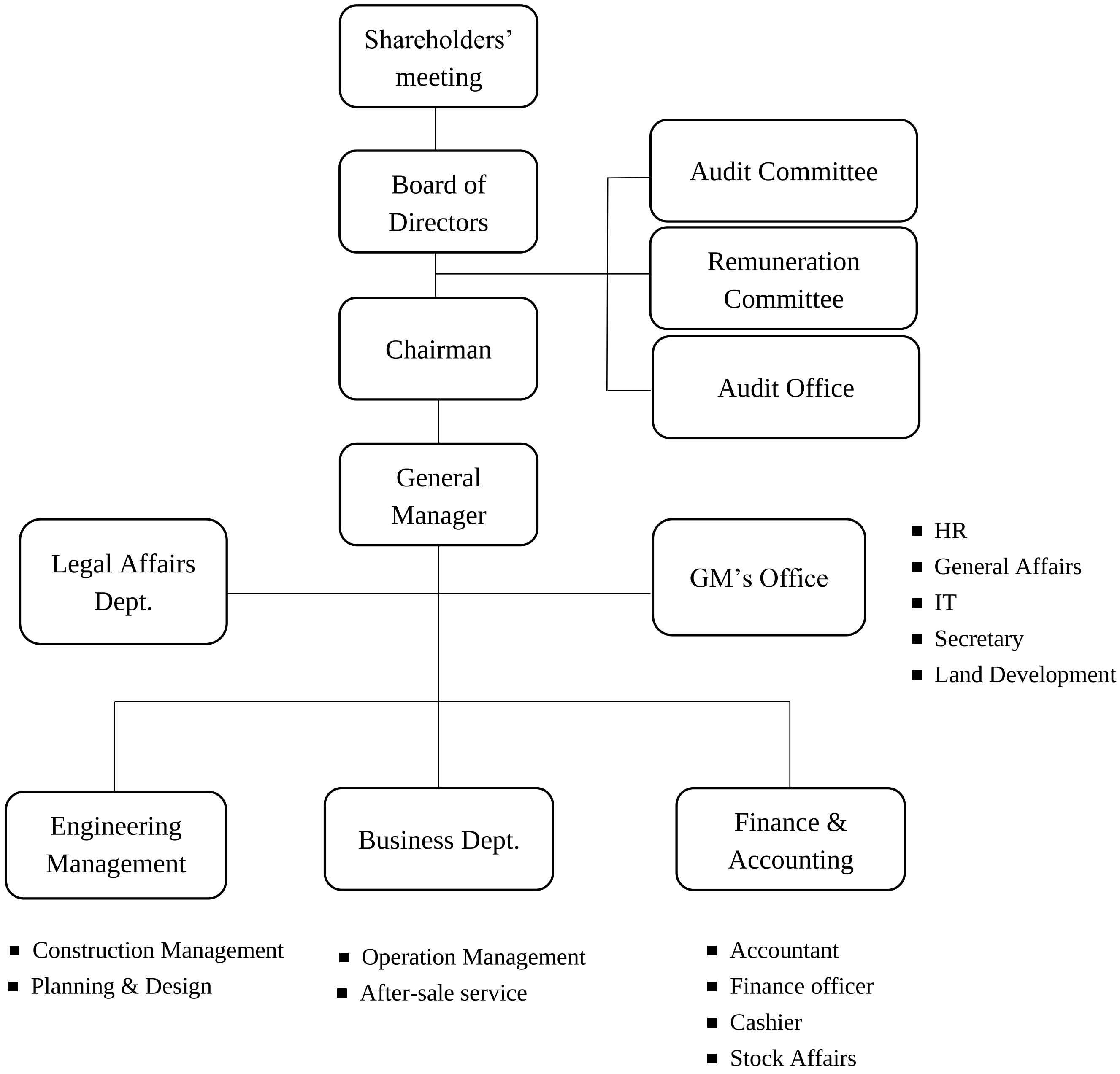
(2) Large amount of equity transfer for the director or shareholder with the shareholding more than 10% in the current year and as of the annual report publication date:

Announcement date	Identity	Name	Before the change	After the change	Note
2020.04.21	10% Largest Shareholders	Tai You Investment Limited Company	39,694,566 Shares 14.66%	33,557,566 Shares 12.39%	
2020.04.29	10% Largest Shareholders	Chia Chun Investment Co., Ltd.	-	40,613,000 Shares 15.00%	New 10% Largest Shareholders

#【Corporate Governance Report】

1. Organizational System

(1) Organizational Chart



(2) Department functions

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.
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.
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.
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.
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.
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 45, 2020 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			Remarks (Note 4)
							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			Concurrently serving as the general manager (refer to the note)
Director	R.O.C.	Lin ,Wen-Liang	Male	2017.05.31	3 years	1980.10.08	7,173,941	2.65%	7,063,941	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%	10,805,008	3.99%	--	--	--	--	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%	Resigned on April 20, 2020						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%												

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: Master from from Hsuan Chuang University 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.

Note 4: If the general manager or the equivalent (top management) are the chairman are the same person or spouses or the relative within the first degree of kinship, it shall disclosure the related information such as the cause, rationality, necessity and measures taken (such as adding seats of independent directors, or requiring more than half of the directors not working as the employee or managers concurrently).

Remarks: The former general manager Chen, Zhi- Cheng was retired on July 05, 2019, so the Chairman Lee, Chin-Yi concurrently serves as the general manager upon the resolution of the board meeting held on August 13, 2019. Lee Chin-Yi had served as the general manager of the Company for more than 10 years before he was appointed as the Chairman of the Company on March 14, 2015, so he was quite familiar with the Company’s operations. Thus, the Board unanimously approved that he concurrently served as the general manager. The Company will elect the competent general manager by 2023. If no one is elected by 2023, it will add seats of independent directors as required by laws.

1. Major shareholders of institutional shareholders

None

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.

Note 3: For the institutional shareholder not a company, it shall disclose the name and shareholding rate, namely, the name of funder or contributor, and the funding rate of contributing rate.

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.

Note 3: For the institutional shareholder not a company, it shall disclose the name and shareholding rate, namely, the name of funder or contributor, and the funding rate of contributing 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 25 2020

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 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, Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
LEE, Chin-Yi			✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	✓	0
LIN ,Wen-Liang			✓	✓				✓	✓		✓	✓		✓	✓	0
LIN ,Po-Fong			✓	✓				✓	✓		✓	✓		✓	✓	0
LIN, Chao-Jung (Rongzhi Investment) (Resigned on April 20, 2020)			✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		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 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 its affiliates. (However, this does not apply, in cases where the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances).

(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 employees of an institutional shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings, or assigns representative as the director or supervisor pursuant to Article 27-1 or 27-2 of the Company Act(However, this does not apply, in cases where the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances).

(6) Not a director, supervisor, or employee of another company that is controlled by the same person as the company with the director seat or more than half of the voting shares of the company(However, this does not apply, in cases where the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances).

(7) Not a director, supervisor, or employee of another company or institution that the chairman, the general manager or the equivalents are the same person or the spouse of these positions of the company(However, this does not apply, in cases where the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances).

(8) Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company(However, this does not apply, in cases

where the company or institution holds more than twenty percent but less than fifty percent of the total number of outstanding shares of the Company, and the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances).

(9) Not a professional individual nor an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution, or a spouse thereof, who, provides audit to the company or to any affiliate of the company, or obtains the remuneration less than NT$500,000 in the most recent two years by providing commercial, legal, financial, accounting services or consultation services, provided that this restriction does not apply to any member of the compensation committee, the takeover board or the M&A special committee who exercises powers pursuant to Securities Exchange Law or the Corporate M & A Law.

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

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

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

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

April 25, 2020 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			Note Note3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	LEE Chin-Yi	Male	2019.07.05	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.	–	–	–	Concurrently serving as the general manager (refer to the note)
VP of Finance & Accounting Dept. (Financial Manager)	R.O.C.	Yeh Cheng -Hsiung	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.	Lee Jun-Xian,	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.	Wu Sing-Suei,	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.

Note 3: If the general manager or the equivalent (top management) are the chairman are the same person or spouses or the relative within the first degree of kinship, it shall disclosure the related information such as the cause, rationality, necessity and measures taken (such as adding seats of independent directors, or requiring more than half of the directors not working as the employee or managers concurrently).

Remarks: The former general manager Chen, Zhi- Cheng was retired on July 05, 2019, so the Chairman Lee, Chin-Yi concurrently serves as the general manager upon the resolution of the board meeting held on August 13, 2019. Lee Chin-Yi had served as the general manager of the Company for more than 10 years before he was appointed as the Chairman of the Company on March 14, 2016, so he was quite familiar with the Company’s operations. Thus, the Board unanimously approved that he concurrently served as the general manager. The Company will elect the competent general manager by 2023. If no one is elected by 2023, it will add seats of independent directors as required by laws.

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 and 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				
		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)	Cash	Stock	Cash	Stock	The company	Consolidated Entities (Note 7)	
Chairman	Lee, Chin-Yi	4,359	4,359	-	-	-	-	80	200	-6.46%	-6.64%	-	-	-	-	-	-	-	-	-6.46%	-6.64%	None
Director	Lin ,Wen-Liang	2,464	2,464	-	-	-	-	75	675	-3.70%	-4.57%	-	-	-	-	-	-	-	-	-3.70%	-4.57%	None
Director	LIN ,Po-Fong	-	-	-	-	-	-	75	75	-0.11%	-0.11%	-	-	-	-	-	-	-	-	-0.11%	-0.11%	None
Representative of Director	Rongzhi Investment	-	-	-	-	-	-	65	65	-0.09%	-0.09%	-	-	-	-	-	-	-	-	-0.09%	-0.09%	None
	LIN, hao-Jung	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent director	Jhan, Zong-Ren	300	300	-	-	-	-	115	115	-0.60%	-0.60%	-	-	-	-	-	-	-	-	-0.60%	-0.60%	None
Independent director	Tseng,Ping-Joung	300	300	-	-	-	-	115	115	-0.60%	-0.60%	-	-	-	-	-	-	-	-	-0.60%	-0.60%	None
Independent director	Chang,Chang-Ter	300	300	-	-	-	-	115	115	-0.60%	-0.60%	-	-	-	-	-	-	-	-	-0.60%	-0.60%	None

1. Please explain the policy, system, criteria and structure of remuneration paid to independent directors, and describe the correlation with the amount of remuneration based on the factors such as responsibilities, risks, and time spent:

The remuneration paid to the independent directors of the Company includes the transportation fee, attendance fees and monthly compensation of fixed amount, which was passed by the first remuneration committee meeting of the third session on August 22, 2017 and the resolution of the board meeting held on November 9, 2017. In addition to referring to the industrial level, the above remuneration also considers the factors such as the Company's operating conditions, contributions to the Company and future risks, which are taken as the basis for remuneration payment.

2. Except the sheet disclosed above, the remuneration to all the directors served for all the companies within the consolidated financial statement (such as a consultant not an employee) in the most recent year: None.

* The after-tax net loss of individual company in 2019 was 68,696NT$ (NT.1,000)

Note 1: The names of directors should be listed respectively (For the institutional shareholder, it should list its name and representative respectively), and the general directors and independent directors should be listed separately. 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 (3-2-1) and (3-2-2).
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 specified in the individual financial report 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 or the parent company (If no such amount is received, please fill in “None”).
b. If the director of the Company has received the payment from the re-invested company other than the subsidiaries or the parent company, it should include the said payment in Column I in the table of remuneration range. Moreover, the column name should be changed into “The Parent Company and 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 or the parent company.

＊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 General Directors, Independent Directors, Supervisors, General Manager and Deputy General Manager

1. Under any of the following circumstances, it should disclose the name of each individual director or supervisor 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 it adopts disclosure by individual, 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 three 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.
(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. (Remarks: The remuneration of directors and supervisors is calculated based on the "director's remuneration" plus the "supervisor's remuneration" in the table attached, which doesn’t include the related remuneration received by serving as employees concurrently.)
(5) A listed company that is ranked in the last range according to the corporate governance assessment result in the most recent year, or is involved in changes in trading methods, suspension of trading, termination of listing on the counter in the most recent year and as of the date of publication of the annual report, or is in other conditions that the corporate governance assessment committee approves exclusion from the assessment.
(6) The average annual remuneration of a full-time employee of a listed company who doesn’t hold a manager position has not reached NT $ 500,000 in the most recent year.

2. Under the circumstance 1 or 5 listed above, the remuneration information of the top five paid remuneration executives (such as general manager, deputy general manager, CEO or CFO) should be disclosed individually.

[Note 1] For example: When preparing the 2019 Annual Report during the 2020 shareholders’ meeting, it should disclose the information of individual ones if the Company was in after-tax loss as specified in Individual Financial Statement for any year between 2017~2019. However, disclosure of individual directors may not be adopted if the after-tax net profit specified in 2019 Individual Financial Statement was sufficient to make up the accumulated loss even if it was in after-tax loss as specified in 2017/2018 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 or the parent company (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	Lee, Chin-Yi (Concurrently serving as the general manager upon the resolution of the board meeting on August 13, 2019)	-	-	-	-	-	-	-	-	-	-	-	-	None
General Manager	Chen, Zhi-Cheng (Retired on July 5, 2019)	1,317	1,317	5,253	5,253	274	394	-	-	-	-	-9.96%	-10.14%	
VP of Finance & Accounting Dept. (Financial Manager)	Yeh Cheng-Hsiung	1,938	1,938	-	-	50	50	-	-	-	-	-2.89%	-2.89%	
VP of Business Dept. & Engineering Management Dept.	Lee,Jun-Xian	1,846	1,846	-	-	950	950	-	-	-	-	-4.07%	-4.07%	

* The after-tax net loss of individual company in 2019 was 68,696NT$ (NT.1,000)

* The Chairman Lee, Chin-Yi doesn’t receive the renumeration paid to general manager while serving as the general manager concurrently.

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 (1-2-1)(1-2-2).

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 or the parent company (If no such amount is received, please fill in "None").

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 or the parent company, it should include the said payment in Column E in the table of remuneration range. Moreover, the column name should be changed into "The Parent Company and 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 or the parent company.

＊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) The remunerations of the top five paid executives (Name of individuals and remuneration methods disclosed

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 6)		Compensation paid to the top five paid executives from an reinvested company other than the subsidiary or the parent company (Note 7)
		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)		All companies in the consolidated financial statement	All companies in the consolidated financial statement	
								Cash	Stock	Cash	Stock			
General Manager	Chen, Zhi-Cheng (Retired on July 5, 2019)	1,317	1,317	5,253	5,253	274	394	-	-	-	-	-9.96%	-10.14%	None
VP of Finance & Accounting Dept. (Financial Manager)	Yeh ,Cheng-Hsiung	1,938	1,938	-	-	50	50	-	-	-	-	-2.89%	-2.89%	None
VP of Business Dept. & Engineering Management Dept.	Lee ,Jun-Xian	1,846	1,846	-	-	950	950	-	-	-	-	-4.07%	-4.07%	None
Section Chief of Finance & Accounting Dept. (Accounting Manager)	Wu ,Sing-Suei	948	948	-	-	42	42	-	-	-	-	-1.44%	-1.44%	None

* The Chairman doesn't receive the renumeration paid to general manager while serving as the general manager concurrently

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

Unit: NT$1,000; March 27, 2020

	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	Lee, Chin-Yi	–	–	–	–
	General Manager	Chen, Zhi-Cheng				
	VP of Finance & Accounting Dept. (Financial Manager)	Yeh ,Cheng-Hsiung,				
	VP of Business Dept. & Engineering Management Dept.	Lee ,Jun-Xian				
	Section Chief of Finance & Accounting Dept. (Accounting Manager)	Wu ,Sing-Suei				

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.

(5) 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	2019				2018			
	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)	8,363	-12.17%	9,083	-13.22%	8,789	32.70%	9,509	35.38%
General Manager and Deputy General Manager	11,628	-16.93%	11,748	-17.10%	7,591	28.25%	7,711	28.69%

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.

The Chairman Lee, Chin-Yi doesn’t receive the renumeration paid to general manager while serving as the general manager concurrently.

The pension of NT$5,253,000 for the former general manager was paid this year, so the remuneration amount was increased from that of 2018.

(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.

4. Implementation of Corporate Governance

(1) The operations of the Board of Directors:

The Board of Directors 4 (A) meetings in the most recent year (2019). 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	4	0	100.00%	
Director	Lin ,Wen-Liang	3	1	75.00%	
Director	LIN ,Po-Fong	3	1	75.00%	
Director	Rongzhi Investment Representative: LIN, Chao-Jung	1	3	25.00%	
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 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 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.
The 2st meeting in 2019 held on May 10, 2019	1. Amendments to the “Rules of Procedures for the Board of Directors Meetings”	Approved by all independent directors.
	2. Amendments to the “Corporate Governance Best Practice Principles”	

The 3rd meeting in 2019 held on August 13, 2019	1. Set the ex-dividend date for 2018 cash dividend	Approved by all independent directors.
	2. Amendments to the "Procedures for Lending Funds to Others"	
	3. Amendments to the "Procedures for Endorsement & Guarantee"	
	4. Proposal of appointing general manager	
	5. Proposal of paying pension for former general manager Chen, Zhi-Cheng	
The 4st meeting in 2019 held on Noverber12, 2019	1. Settled the 2020 internal audit operation plan affairs	Approved by all independent directors and reported to the board of directors.
	2. Proposal of dissolving the subsidiary Dahyoung Real Estate Development Co., Ltd.	
	3. Discussed the amendments to the "Procedures for the Acquisition or Disposal of Assets"	
	4. Proposal of formulating the "Board and Functional Committee Performance Evaluation Regulations"	
	5. Amendments to the "Regulations Governing the Purchase Subcontracting"	
	6. Proposal of distributing sales bonus for the managerial officers	
The 1st meeting in 2020 held on March 27, 2020	1.Proposal of urban renewal business plans and right transfer plans on 19 land lots such as Huai Sheng Section project 一 subsection lot No. 121-4 in Da'an District, Taipei City	Approved by all independent directors
	2. 2019 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.
	3. 2019 profit distribution plan of the Company	Independent director Jhan, Zong-Ren waives in voting. The rest two independent directors agree on this proposal.
	4. Signed 2020 CPA fees with ShineWing CPAs (Taiwan)	Approved by all independent directors
	5.Proposal of increasing capitals by cash for Huachien Development Co., Ltd.	Independent director Jhan, Zong-Ren shows dissenting opinion towards the premium issuance price and the necessity to increase capitals by cash as the net value of the subsidiary Huachien Development Co., Ltd. is NT$19 but the issuance price per share is NT$80. The Company announced major information after the board meeting as required.

	6. Proposal of capital increase by cash and issuance of new shares	Independent director Jhan, Zong-Ren shows dissenting opinion towards the proportion of capital increase by cash reaching as high as 57% of the current stock capital, and suggests the board re-elected by the shareholders' meeting this year should fulfill the decision-making right. He also shows dissenting opinion towards the necessity to increase capital by issuing new shares. The Company announced major information after the board meeting as required.
	7. Proposal of re-electing directors	Independent director Jhan, Zong-Ren shows dissenting opinion towards the appointment time of directors newly elected during the director reelection proposal. The current board should relieve after the tenure is expired on May 30, 2020. He suggests that the general shareholders' meeting in 2020 should be held before May 30, 2020, and the new board should be appointed on May 31, 2020. The Company announced major information after the board meeting as required.
	8. Date and reason for holding the 2020 general shareholders' meeting	Independent director Jhan, Zong-Ren shows dissenting opinion towards the date for holding the general shareholders' meeting. The Company announced major information after the board meeting as required.
	9. The nomination period of candidates for directors (including independent directors), the number persons to be elected and the handling premises.	Independent director Jhan, Zong-Ren shows dissenting opinion towards the date for holding the general shareholders' meeting. The Company announced major information after the board meeting as required.

	10. 2019 Statement of Internal Control System of the Company	Approved by all independent directors.

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

Date of board meeting	Name of independent director	Reporting content	Opinions of all independent directors	The Company's handling of such opinion
2019.05.10	Jhan, Zong-Ren	Consolidated Financial Statements of the Company in Q1, 2019 was completed	Independent director Jhan, Zong-Ren shows qualified opinion towards the Consolidated Financial Statements. The rest two independent directors agree on this proposal.	The Company announced major information as required.
2019.08.13		Consolidated Financial Statements of the Company in Q2, 2019 was completed		
2019.11.12		Consolidated Financial Statements of the Company in Q3, 2019 was completed		

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: 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.

2 .

(1) Date of board meeting: November 12, 2019

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

(3)Content of proposal: Proposal of distributing sales bonus for the managerial officers

(4) Reason for recusal: Director Lee, Chin-Yi was the interested party of this proposal (he serves as the general manager concurrently).

(5) Voting situation: Seven directors attended the board meeting. Except for one director recusing the voting right, all other six attending directors approved to pass the proposal. The proposal was finally approved.

3. The public companies shall disclose the evaluation cycle, period, scope, method and content for the self(peer) evaluation of the directors, and fill out Table 2 Board Evaluation Implementation Situation.

The Company has approved the formulation of "Board and Functional Committee Performance Evaluation Regulations" and related self-assessment questionnaires on November 12, 2019, and will conduct performance since 2020. At the end of the year, the execution unit should distribute the questionnaire for evaluation. The evaluation results will be reported to the board of directors and disclosed in the 2021 annual report.

As for the evaluation cycle, period, scope, method and content for "Board and Functional Committee Performance Evaluation Regulations", please visit the website of the Company for more details.

4.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, 2019.
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.
5. The Company has approved the formulation of "Board and Functional Committee Performance Evaluation Regulations" and related self-assessment questionnaires during the board meeting on November 12, 2019, and will disclose the evaluation results in 2021.

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 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	
	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.
The 2st meeting in 2019 held on May 10, 2019	1. Amendments to the “Rules of Procedures for the Board of Directors Meetings”	Approved by all independent directors and reported to the board of directors.
	2. Amendments to the “Corporate Governance Best Practice Principles”	
The 3st meeting in 2019 held on Augest 13, 2019	1. Set the ex-dividend date for 2018 cash dividend	Approved by all independent directors and reported to the board of directors.
	2. Amendments to the “Procedures for Lending Funds to Others”	
	3. Amendments to the “Procedures for Endorsement & Guarantee”	
	4. Proposal of appointing general manager	
	5. Proposal of paying pension for former general manager Chen, Zhi-Cheng	
The 4st meeting in 2019 held on November 12, 2019	1. Amendments to the "Regulations Governing the Purchase Subcontracting"	Approved by all independent directors and reported to the board of directors.
	2. Discussed the amendments to the “Procedures for the Acquisition or Disposal of Assets”	
	3. Proposal of formulating the “Board and Functional Committee Performance Evaluation Regulations”	
The 1st meeting in 2020 held on March 27, 2020	1. Submitted for reviewing proposal of urban renewal business plans and right transfer plans on 19 land lots such as Huai Sheng Section project—subsection lot No. 121-4 in Da’an District, Taipei City	Approved by all independent directors.
	2. 2019 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. Submitted for reviewing 2019 profit distribution plan of the Company	Approved by all independent directors.
	4. Signed 2020 CPA fees with ShineWing CPAs (Taiwan)	Approved by all independent directors.
	5. Proposal of increasing capitals by cash for Huachien Development Co., Ltd.	Independent director Jhan, Zong-Ren shows dissenting

		opinion towards the premium issuance price and the necessity to increase capitals by cash as the net value of the subsidiary Huachien Development Co., Ltd. is NT$19 but the issuance price per share is NT$80.
	6. Proposal of capital increase by cash and issuance of new shares	Independent director Jhan, Zong-Ren shows dissenting opinion towards the proportion of capital increase by cash reaching as high as 57% of the current stock capital, and suggests the board re-elected by the shareholders' meeting this year should fulfill the decision-making right. He also shows dissenting opinion towards the necessity to increase capital by issuing new shares.
	7.Assess the validify of 2019 Internal Control System of the Company	Approved by all independent directors.

(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:

None.

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.
3. Communication between independent directors and internal auditors through the board meeting the audit committee meeting in this year and as of the publication date of the annual report:

Date of board meeting	Proposal content	Opinion of independent directors
The 1st meeting in 2019 held on March 13 , 2019	1.The 1st Internal Audit Report in 2019	Disclaimer of opinion
	2. 2018 Statement of Internal Control System of the Company	Approved
The 2th meeting in 2019 held on May 10, 2019	The 2th Internal Audit Report in 2019	Disclaimer of opinion
The 3th meeting in 2019 held on August 13, 2019	The 3th Internal Audit Report in 2019	Disclaimer of opinion
The 4nd meeting in 2019 held on November 12, 2019	1.The 4nd Internal Audit Report in 2019	Disclaimer of opinion
	2. Affairs related to 2019 Internal Audit Inspection Plan	

The 1st meeting in 2020 held on March 27, 2020	1.The 1h Internal Audit Report in 2020	Disclaimer of opinion
	2. 2019 Statement of Internal Control System of the Company	Approved
Date of audit committee meeting	**Proposal content**	**Opinion of independent directors**
The 8rd session of the 1st term on March 12 2019	Assessment of validity of the Company's internal control system in 2019	Approved
The 11rd session of the 1st term on March 27 2020	Assessment of validity of the Company's internal control system in 2019	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? (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?	 V V 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 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	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	
(4) Has the Company established internal policies that prohibit corporate insiders from trading of securities using undisclosed information?	V		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?		V	(1) So far the Company hasn't formulated any diversification policy.	It will evaluate the demands to determine whether to formulate such policy.
(2) Apart from the Remuneration Committee and Audit Committee, has the Company voluntarily set up other functional committees?		V	(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.	It will set up other functional committees based on the scale and demands of the Company.
(3)Has the Company established standards to assess the Board's performance annually, reported the result of performance evaluation to the Board as reference for remuneration paid to the directors and their nomination for succession?		V	(3) The Company has established the board performance evaluation regulations and the related evaluation methods on November 12, 2019, and it plans to finish self-assessment or peer assessment for directors as required by laws in 2020.	It is planned to be done in 2019.
(4) Does the Company regularly evaluate the CPA's independence?	V		(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 March 24, 2019(Note2).	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
IV. As a TWSE/TPEx-listed company, has the Company established adequate and competent corporate governance personnel, and assigned a corporate governance manager in charge of corporate governance affairs (including but not limited to providing data required by directors and supervisors for business implementation, assisting directors and supervisors in regulatory compliance, dealing with matters relating to board meetings and shareholders' meetings, handling		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 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	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies; it will set up the corporate governance manager based on the manpower allocation.

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
corporate registration and change in registration, preparing minutes of the board meetings and shareholders' meetings)?			developments related to the operation of the Company to assist the directors in regulatory compliance. 2. Handle matters related to the Audit Committee, Remuneration Committee ,and the Board of Directors and the Shareholders' Meeting, and assist the Company in regulatory compliance. 3. Prepare minutes of the audit committee meetings, Remuneration Committee and board meetings and shareholders' meetings. 4. Handle the shareholders' meeting related affairs, including: pre-registration before the date of the Shareholders' Meeting, make a meeting notice and handbook before the deadline, meeting minutes, and handle the reporting and announcements as required by laws. Handle the change registration in case of the amendment of the Articles of Association or the re-election of the directors. 5. Hold Investor Conference Briefing on December 12, 2019.	
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 governance? (2)Does the Company have other information disclosure channels (e.g.	 V V		 (1)The Company has constructed www.delpha.com.tw to disclose the information related to finance and corporate governance. (2)The Company has appointed designated personnel to handle information collection	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	
creating an English website, appointing designated personnel to handle information collection and disclosure, developing a spokesman system, webcasting investor conferences)? (3) Does the Company announce and file its annual financial reports within 2 months from the end of the fiscal year? Does the company announce and file the financial reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date?			and finish the reporting operation as required by the competent authority. Moreover, it has practiced the spokesman system as required. (3) The Company announces and files the annual financial report audited by the CPA within 3 months after the end of the fiscal year as required by the provisions of Article 36, Securities Exchange Act. The financial reports for Q1, Q2 and Q3, as well as the operation status of each month are announced within the required period. As for announcing before the due date, it depends on the board approval date and the operation time of the Company.	It will evaluate the operation time and the board operation for this issue.
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	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	
			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.	

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 were not subject to evaluation)

*Improvements: 1. It has posted the English meeting notice and handbook in 2018.
2. It has posted the English annual report in 2019.

* Priority measures to strengthen unimproved aspects:

1. The chairman and the general manager of the Company is the same person. The Company will elect the competent general manager by the end of 2023. If no one is elected by 2023, it will add seats of independent directors as required by laws.
2. It will set up the corporate governance manager before June 30, 2021.

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	9	10		
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 (However, this does not apply, in cases where the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances).

(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 (However, this does not apply, in cases where the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances).

(6) Not a director, supervisor, or employee of another company that is controlled by the same person as the company with the director seat or more than half of the voting shares of the company (However, this does not apply, in cases where the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances).

(7) Not a director, supervisor, or employee of another company or institution that the chairman, the general manager or the equivalents are the same person or the spouse of these positions of the company(However, this does not apply, in cases where the person is an Independent Director of the company or its parent company, subsidiary or the subsidiary under the same company that are set up according to this Act or local country ordinances).

(8) Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company(However, this does not apply, in cases where the company or institution holds more

than twenty percent but less than fifty percent of the total number of outstanding shares of the Company, and the person is an Independent Director of the company or its parent company.

(9) Not a professional individual nor an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution, or a spouse thereof, who, provides audit to the company or to any affiliate of the company, or obtains the remuneration less than NT$500,000 in the most recent two years by providing commercial, legal, financial, accounting services or consultation services, provided that this restriction does not apply to any member of the compensation committee, the takeover board or the M&A special committee who exercises powers pursuant to Securities Exchange Law or the Corporate M & A Law.

(10) 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 3 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	3	0	100.00%	
Committee Member	Chang, Chang-Ter	3	0	100.00%	
Committee Member	Jhan, Zong-Ren	3	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 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.
The 5th session of the 3rd term on August 2, 2019	1. Proposal of paying pension for former general manager Chen, Zhi-Cheng	Approved by all members without objection, and reported to the Board of Directors for resolution
The 6th session of the 3rd term on November 12, 2019	1. Proposal of formulating the "Board and Functional Committee Performance Evaluation Regulations" 2. Proposal of distributing sales bonus for the managerial officers	Approved by all members without objection, and reported to the Board of Directors
The 7th session of the 3rd term on March 12, 2020	Reported the company's in 2019 net loss, so directors and employees were not remunerated.	

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 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, Discrepancy with Corporate Governance Best Practice Principles for 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 (Note 2)	
1. Does the Company conduct risk evaluation for the environmental, social and corporate governance issues related to the operations of the Company based on the materiality principle, and formulated related risk management policies or strategies?(Note 3)	V		(1) Environmental protection The Company is engaged in the construction industry. When planning and designing the Urban Green, it not only follows safety, fire protection and other relevant laws and regulations, but also introduces green building design concepts in line with the international trends, which conforms to the seven indicators of silver grade green building label(namely, green space, water preservation in the base, daily energy conservation, carbon dioxide reduction, waste reduction, water resource, sewage and garbage improvement), with the expectation to create a healthy, comfortable and environment-friendly living environment. (2) Corporate governance The Company sets up a corporate governance team and complies with the relevant laws and regulations. Moreover, a special zone for stakeholders is set up on the Company's website, to establish a smooth communication channel with investors. (3) Information security	None

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
			The Company follows the information management operation regulations approved by the board of directors to control or maintain the functions of the Company's important information systems such as operations and accounting. The computers are installed with anti-virus software and firewall to ensure the security of the Company's computer system. The information system architecture establishes a complete system and data backup mechanism based on its risk levels, and keeps the backup media remotely.	
II. 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	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.
III. Environment issues (1) Does the Company establish proper environmental management systems based on the characteristics of its businesses?	V		(1) 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.	None
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2)The Company implements resource recycling, waste classification, repeated use of paper.	None
(3) Does the Company evaluate the current and future potential risks and opportunities brought by the climate change, and take measure to respond to the climate related issues?	V		(3) When planning and designing construction projects, the Company not only meets the requirements of safety and fire protection regulations, but also introduces green building design concepts in line with international trends, so as to create a healthy, comfortable and environment-friendly living environment.	None
(4) Does the company calculate the greenhouse gases (GHG) emission,		V	(4) The Company hasn't formulated the strategies for energy conservation.	It will consider to establish such policy upon

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
water consumption and total weight of wastes for the past two years, and formulated the strategies for energy conservation, carbon reduction, GHG emission reduction, water saving and management of other wastes?				requirements of laws or practical demands.
IV. Social issues (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
(2) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other welfares), and reflect the operating performance or achievement in the compensation of the employees properly?	V		(2) The Company stipulates various salary and welfare measures for employees as required by the "Labor Standards Act" and related laws and regulations, and distributes bonuses in accordance with the employee compensation and related incentives stipulated in the Company's Articles of Association to share profits or fruits with employees.	None
(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	None

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
(4) Does the Company provide employees with opportunities for career development and training?	V		group insurance for employees. (4) 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".	None
(5) Does the Company follow regulations and international standards in the customer health, safety, customer privacy, marketing and labeling of its products and services, and set polices and appeal procedures for protection of consumer's rights and interests?	V		(5)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".In order to enhance our competitive and operating advantages, we strive to achieve the following four goals:the investor's and stakeholder's window is set up on the website of the Company.	None
(6) Does the Company formulate the supplier management policies and require suppliers to follow relevant norms on environmental protection, occupational safety and health, or labor's human rights, and disclose the implementation?		V	(6.)The Company hasn't yet established supplier management policies. It will consider to establish such policy upon requirements of laws or practical demands.	It will consider to establish such policy upon requirements of laws or practical demands.
V. Does the Company, following internationally recognized guidelines, prepare and publish reports such as its corporate social responsibility report to disclose non-financial information of the Company? Does the Company obtain a third-party verification or assurance for such reports?		V	The Company hasn't yet established any corporate social responsibility (CSR) policy.	It will consider to establish such policy upon requirements of laws or practical demands.
VI. Does the Company disclose relevant and reliable information regarding CSR on its website and the MOPS? The Company hasn't yet disclosed CSR information on its website and the MOPS				
VII. Other better understanding of the Company's CSR operation important information to facins:				

●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.

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
●Community participation	The founder of the company established the "Li Chunjin Foundation" on January 3, 1998 which completed the following donations in 2019: 1. Donated and distributed rice and other resources to the poor households in Hede Lane, Lingxiao Lane and Tengyun Lane of Wanhua Distrct in Zhongyuan Festival. 2 Donated and distributed rice and other resources for the poor households of Lingxiao Lane, Wanhua District in winter, together with Lane Chief You, and held the “Free Beauty Shearing Charity Activity” with the support from the designers from “Magic First Curve Hairstyle Store”. 3. Taipei Elderly Service Association, together with Taipei senator Zhang Meng Lan Team, held the “Year-end Love and Care in Cold Winter” to raise fund to the spring festival. 4. Donated and distributed rice and other resources for the poor households in Lixing Lane, Zhongshan District in winter. 5. Worked with Eden Social Welfare Foundation to raise funds for the “Life Recovery Plan for Stroke Patients” of care home in Bade Service Center.			
●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 2019, it helped a total of 316 cases, with a total of 44 referral institutions. It has long been taking care of the cold and vulnerable groups. 316 cases were assisted and 44 units were referred in 2019.			
●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.			

Note 1: If Yes is selected under Implementation Status, it shall explain the key policies, strategies, measures and implementation situation. If No is selected under Implementation Status, it shall explain the reason and the plan to implement related policies, strategies and measures to be taken in the future.

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

Note 3: The materiality principle refers to those related to environmental, social and corporate governance issues that have significant influence on the Company's investors and other interested parties.

(6) Implementation of business integrity, Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons:

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 approved by the Board that uphold its policy and business integrity, and are the Board and top 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) Does the company establish the evaluation mechanism for the risk of unethical conducts, so as to regularly analyze and evaluate the operating activities associated with high risk of unethical conduct, and establish appropriate preventive measures at least for the business activities prescribed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?		V	(2) It stipulates the regulations for undertaking the conflict of interest in the engineering contract operation under the "Regulations Governing the Purchase Subcontracting".	It will consider to establish such policy upon requirements of laws or practical demands.
(3)Has the Company established relevant programs which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, penalties and grievance channels? Does the Company implement and regularly review to revise them?		V	(3)The Company hasn't yet established programs which are to prevent unethical conduct.	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		V	(2) The company hasn't yet set up a special (concurrent) unit to promote the business	It will consider to establish such policy upon requirements of

Item	Implementation Status (Note 1)			Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
supervision of the Board, to handle the implementation of the Company's ethical standards and report the ethical policies and unethical conduct prevention program to the Board periodically (at least annually)?			integrity.	laws or practical demands.
(3) Has the Company established policies to prevent conflict of interest, provide appropriate reporting channels, and implement policies properly?	V		(3) It requires avoiding for conflict of interest among directors as stipulated in the "Handbook for Board Meeting" and "Regulations Governing the Transactions with Related Parties". It regularly sends the "Ethics Statement" to the major suppliers regularly.	None
(4) To implement relevant policies on ethical conduct, does the Company establish effective accounting and internal control systems? Does the internal audit unit make related audit plans based on the evaluation results of the unethical conduct prevention program, so as to audit the compliance with unethical conduct prevention program by the internal auditors or the entrusted CPA?	V		(4) The Company hasn't establish the Code of Ethical Conduct. However, 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 the subsequent measures taken after the investigation, and ensuring that such complaints are		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.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>handled in a confidential manner?
(3) Does the Company adopt proper measures to protect a complainant from retaliation?</td><td>V</td><td></td><td>(3) It is committed to keep the profile of complainant confidential in the “Policies and Principles for Implementing Employee Advice Mailbox”.</td><td>None</td></tr>
<tr><td>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?</td><td></td><td>V</td><td>The Company hasn’t yet disclosed related information on its website and the MOPS.</td><td>It will consider to make disclosure based on the operation status and scale of the Company.</td></tr>
<tr><td colspan="5">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.</td></tr>
<tr><td colspan="5">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 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.</td></tr>
</table>

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
14. Board and Functional Committee Performance Evaluation Regulations

Inquiry method:

1~14 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 30, 2020

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 2019:

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, 2019, 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 27, 2020, 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: Lee, Chin-Yi

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:

None.

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

1. Review of the implementation of resolutions made during the shareholders' meeting in the most recent year:

Resolutions of the shareholders' meeting	Implementation
1. Approved 2018 Operation Reports and Financial Statements of the Company.	It announced major information on June 05, 2019 as required after the resolution of the shareholders' meeting.
2. Approved 2018 Profit Distribution Plan of the Company	1.The speaking director suggested increasing the distributed amount from NT$0.1 to NT$0.3. Such suggestion was taken as the amended proposal for voting upon the discretion of the chairman. Finally it was approved by the resolution, so it changed to distribute the cash dividend of NT$0.3. 2.The board meeting held on August 13, 2019 passed that the date September 3, 2019 was set as the ex-dividend date, while the date September 25, 2019 was set as the distribution date.
3. The Procedures for the Acquisition or Disposal of Assets of the Company	It was disclosed on the MOPS and the official website on June 05, 2019 upon the resolution of the shareholders' meeting, and was subject to the procedures after amendments.

2. Important resolutions made during the shareholders' meeting and board meeting

Date	Meeting type	Resolutions	Remarks
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.	
May 10, 2019	Board meeting	1. Approved the amendments to the "Rules of Procedures for the Board of Directors Meetings" 2. Approved the amendments to the "Corporate Governance Best Practice Principles"	
June 5, 2019	Shareholders	Approved by voting: 1. 2018 Operation Reports and Financial Statements of the Company	

	meeting	2. Profit distribution plan of the Company 3. The Procedures for the Acquisition or Disposal of Assets of the Company	
August 13, 2019	Board meeting	1. Approved to set the ex-dividend date for 2018 cash dividend 2. Approved the amendments to the "Procedures for Lending Funds to Others". 3. Approved the amendments to the "Procedures for Endorsement & Guarantee" 4. Approved the proposal of appointing general manager 5. Approved the proposal of paying pension for former general manager Chen, Zhi-Cheng	
November 12, 2019	Board meeting	1. Approved to settle the 2020 internal audit operation plan affairs	
		2. Approved to dissolve the subsidiary Dahyoung Real Estate Development Co., Ltd.	
		3. Approved the amendments to the "Procedures for the Acquisition or Disposal of Assets"	
		4. Approved the proposal of formulating the "Board and Functional Committee Performance Evaluation Regulations"	
		5. Approved the amendments to the "Regulations Governing the Purchase Subcontracting"	
		6. Approved the proposal of distributing sales bonus for the managerial officers	
March 27,2020	Board meeting	1. Approved the proposal of urban renewal business plans and right transfer plans on 19 land lots such as Huai Sheng Section project — subsection lot No. 121-4 in Da'an District, Taipei City	
		2. Approved the 2019 Operation Reports and Financial Statements of the Company	
		3. Approved the 2019 profit distribution plan of the Company	
		4. Approved to sign 2020 CPA fees with ShineWing CPAs (Taiwan)	
		5. Approved the proposal of increasing capitals by cash for Huachien Development Co., Ltd.	
		6. Approved the proposal of capital increase by cash and issuance of new shares	
		7. Approved the proposal of re-electing directors	
		8. Approved the date and reason for holding the 2020 general shareholders' meeting	
		9. Approved the nomination period of candidates for directors (including independent directors), the number persons to be elected and the handling premises	
		10. Approved the proposal of issuing 2019 Statement of Internal Control System of the Company	

(13) 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
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 28 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 29 of this document.
May10, 2019	The consolidated financial statement for Q1, 2019 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	
Augest13, 2019	The consolidated financial statement for Q2, 2019 is finished and audited by the CPA	LIN, Chao-Jung	Qualified opinion	
		Jhan, Zong-Ren	Qualified opinion	
November 12 2019	The consolidated financial statement for Q3, 2019 is finished and audited by the CPA	LIN, Chao-Jung	Qualified opinion	
		Jhan, Zong-Ren	Qualified opinion	
March 27 2020	2019 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	
	2019 profit distribution plan of the Company	LIN, Chao-Jung	Objection	It was suggested to increase the distributed amount per share to NT$0.2 or NT$0.3.

(13) 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, Corporate Governance Manager and R&D manager):

None.

Title	Name	Appointment date	Relief date	Resignations and dismissals reason
General Manager	Chen, Zhi-Cheng	2016.03.14	2019.07.05	Retirement

5. 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
ShineWing Taiwan	Chen, Kuang-Hui	Yau, Yu Lin	2019.01.01 | 2019.12.31	

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	1,300	22	1,322
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		
ShineWing Taiwan	Chen, Kuang-Hui	1,300				22	22	2019.01.01 | 2019.12.31	
	Yau, Yu Lin								

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.

6. Information on replacement of CPA:

(1)About the Former CPA:

<table>
<tr><td>Replacement Date</td><td colspan="3">2018.11. 28</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="3">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>Client
Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td>Appointment terminated automatically</td><td>V</td><td>--</td></tr>
<tr><td>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="3">None</td></tr>
</table>

<table>
<tr><td rowspan="6">Differences with the Company</td><td rowspan="4">Yes</td><td>--</td><td>Accounting principles or practices</td></tr>
<tr><td>--</td><td>Disclosure of financial statement</td></tr>
<tr><td>--</td><td>Audit scope or steps</td></tr>
<tr><td>--</td><td>Others</td></tr>
<tr><td>No</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Remarks: N/A</td></tr>
<tr><td>Other Disclosed Matters</td><td colspan="3">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.

7. 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.

8. 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	2019		The current year until April 25	
		Shareholding increase/decrease	Pledged shares increase/decrease	Shareholding increase/decrease	Pledged shares increase/decrease
Chairman and general manager	Lee, Chin-Yi	--	--	--	--
Director	Lin ,Wen-Liang	0 (10,000)	--	--	--
Director	LIN ,Po-Fong	0 (230,000)	--	0 (210,000)	--
Independent director	Tseng, Ping-Joung	--	--	--	--
Independent director	Jhan, Zong-Ren	--	--	--	--
Independent director	Chang, Chang-Ter	--	--	--	--
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.	1,484,000 (20,000)	0 (22,800,000)	--	--
Shareholder with the shareholding more than 10%	Tai You Investment Limited Company	0 (2,438,000)	3,582,000 (3,212,000)	0 (4,396,000)	406,000 (3,452,000)
Shareholder with the shareholding more than 10%	Chang Sheng International Investment Co., Ltd.	0 (1,656,000)	8,703,000 (6,489,000)	1,000 (450,000)	--
Shareholder with the shareholding more than 10%	Chia Chun Investment Co., Ltd. (Appointment date: 2020/04/22)	--	--	--	--

Director	Rongzhi Investment Co., Ltd. Representative: LIN, Chao-Jung (Dismissal date: 2020/04/20)	--	2,136,000 (2,136,000)	--	--
General Manager	Zhi-Cheng,Chen (Dismissal date: 2019/7/5)	--	--	--	--

Note 1: The shareholders with the shareholding rate higher than 10% should be marked as major shareholders, which should be listed respectively.
Note 2: If the counterparty of equity transfer or equity pledge is a related party, it shall fill in the table as below.

9. 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:

Name(Note 1)	SHAREHOLDING		SPOUSE & MINOR CURRENT SHAREHOLDRING		CURRENT SHAREHOLDING BY NOMINEE ARRANGEMENT		Name and relationship of the top 10 largest shareholders with parties, spouses, or relatives within the second degree of kinship (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Da Shuo Investment Co., Ltd.	44,502,046	16.44%	--	--	--	--	Da Jie 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 Shuo Investment Co., Ltd.: Lin, Jian-Yu	485,000	0.18%	--	--	--	--	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	
Chang Sheng International Investment Co., Ltd.	39,117,002	14.45%	--	--	--	--	Tai You Investment Limited Company	The Chairman of the Company is the spouse of the Chairman of this Company.	
							Lin,Jin-Yi	The Chairman of this Company	
							Wu, Shen-Huang	The spouse of the Chairman of the Company	
Representative of Chang Sheng International Investment Co., Ltd.: Lin, Jin-Yi	9,003,081	3.33%	6,535,210	2.41%	--	--	Chang Sheng International Investment Co., Ltd.	The Chairman of this Company	
							Tai You Investment Limited Company	This person is the spouse of the Chairman of this Company.	
							Wu, Shen-Huang	Spouse	

Tai You Investment Limited Company	33,557,566	12.39%	--	--	--	--	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	6,535,210	2.41%	9,003,081	3.33%	--	--	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	
Chia Chun Investment Co., Ltd.	29,033,000	10.72%	--	--	--	--	--	--	--
Representative of Chia Chun Investment Co., Ltd..: Lin,Jia-Hong	--	--	--	--	--	--	--	--	--
Da Jie Investment Co., Ltd.	16,898,773	6.24%	--	--	--	--	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	485,000	0.18%	--	--	--	--	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	
LIN ,Po-Fong	10,805,008	3.99%	--	--			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	1,183,581	0.44%	1,971	--	--	--	Rongzhi Investment Co., Ltd.	The Chairman of this Company	
Lin, Jin-Yi	9,003,081	3.33%	6,535,210	2.41%	--	--	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	
Lin ,Wen-Liang	7,063,941	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	
Wu, Shen-Huang	6,535,210	2.41%	9,003,081	3.33%	--	--	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	

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.

1. 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, 2020/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 (Note 2)	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.
Note 2: Dahyoung Real Estate Development Co.. Ltd. held an interim shareholders' meeting December 23, 2019 to set December 25, 2019 as the dissolution reference date. It is still in the process of liquidation currently.

【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 25, 2020

Shareholder structure / Qty	Government agency	Financial institutions	Other entities	Individuals	Foreign institutions and persons	Treasury stock	Total
Number of shareholders	0	1	196	29,340	49	0	29,586
Shareholding	0	227	190,881,806	76,869,786	3,000,647	0	270,752,466
Holding percent (%)	0.00%	0.00%	70.50%	28.39%	1.11%	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 25, 2020

Class of shareholding	Number of shareholders	Shareholding	Percent (%)
1-999	26,252	1,852,261	0.68%
1,000-5,000	2,342	4,860,996	1.80%
5,001-10,000	479	3,381,085	1.25%
10,001-15,000	168	1,999,750	0.74%
15,001-20,000	84	1,497,768	0.55%
20,001-30,000	79	1,979,274	0.73%
30,001-40,000	45	1,562,133	0.58%
40,001-50,000	12	523,040	0.19%
50,001-100,000	61	4,049,402	1.50%
100,001-200,000	18	2,764,965	1.02%
200,001-400,000	14	3,980,978	1.47%
400,001-600,000	3	1,552,930	0.57%
600,001-800,000	6	4,255,768	1.57%
800,001-1000,000	3	2,836,198	1.05%
Above 1,000,001 shares	20	233,655,918	86.30%
Total	29,586	270,752,466	100.00%

(4) Major shareholders

April 25, 2020

Name of major shareholders	Shareholding	Percent (%)
Da Shuo Investment Co.,Ltd.	44,502,046	16.44%
Chang Sheng International Investment Co.,Ltd.	39,117,002	14.45%
Tai You Investment Limited Company	33,557,566	12.39%
Chia Chun Investment Co., Ltd.	29,033,000	10.72%
Da Jie Investment Co.,Ltd.	16,898,773	6.24%
LIN ,Po-Fong	10,805,008	3.99%
Rongzhi Investment Co., Ltd.	10,132,499	3.74%
Lin,Jin-Yi	9,003,081	3.33%
Lin ,Wen-Liang	7,063,941	2.61%
Wu, Shen-Huang	6,535,210	2.41%

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

Item \ Year			2018 (Adopting IFRS)	2019 (Adopting IFRS)	2020 and until March 31 (Adopting IFRS)
Market price per share (Note 1)	Highest		16.80	18.40	17.50
	Lowest		14.65	15.40	15.05
	Average		15.54	16.10	16.26
Net worth per share (Note 2)	Before distribution		12.08	11.50	--
	After distribution		11.80	Pending for resolution	--
Earnings per share	Weighted average shares		268,095,910	270,752,466	270,752,466
	Earnings per share (Note 3)	Before adjustment	0.10	(0.25)	--
		After adjustment	--	--	--
Dividend per share	Cash dividend		0.30	0.10	--
	Stock dividend	Before adjustment	--	--	--
		-- After adjustment	--	--	--
	Accumulated undistributed dividend (Note4)		--	--	--
Analysis of return on investment	P/E ratio(Note5)		155.4	(64.4)	--
	Price-dividend ratio (Note6)		51.8	161	--
	Cash dividend yield (Note7)		0.0193	0.0062	--

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 2019 final accounts of the Company, the after-tax net loss is NT$ 68,696 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 2020 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 2018 is as below:

The shareholder's meeting held on June 5, 2019 passed the resolution of distributing cash dividend of NT$0.3 per share, and set September 03, 2019 as the ex-dividend reference date, with September 25, 2019 as the distribution date.

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(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			2020 (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 2020, so it doesn’t have to disclose the estimated information for 2020. 2. The after-tax net loss is NT$68,696. The Board of Directors has made the resolution to distribute cash dividend of NT$ 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 reported after-tax net loss in 2019， so there was no such situation.
   (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:
   The Company reported after-tax net loss in 2019， so there was no such situation.

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):
   No remuneration was distributed to employees and distributor this year.
   (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 2019 board meeting of the Company approved to distribute the remuneration of a total of NT$ 1,726,628 to the employees and directors for 2018. The estimated amount listed on the account was NT$ 1,726,544. The distributed amount was NT$ 84 more than the estimated amount due to the changes in accounting estimates, which was listed as expense adjustment amount on March 18, 2019.

(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 85% in 2019.

(2) Contracting the sales and lease of all type of residential buildings: with the operation proportion accounting for 15% in 2019.

(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:

In prospect of Taiwan ’s economy in 2020, the US and China are expected to reach a preliminary trade agreement lately, which will ease the trade tension between the US and China. Moreover, the US implemented the insurance cut in interest rate and the major countries launched fiscal policies to revitalize the economy. Plus the factor of low base, the globally major prediction institutions believe that the growth of the global economy and trade in 2020 will achieve better performance than that of 2019. Due to the factors including the possible ease of the US-China trade war, some production lines back to Taiwan, the acceleration of 5G infrastructure construction, and the limited space for continuous decline in international raw material prices, Taiwan's exports will present positive performance. Moreover, the semiconductor manufacturers continue to invest in advanced processes, and the Taiwan businesses impacted by the US-China trade war and those who make more investment in Taiwan can accelerate the businesses returning or investing in Taiwan. It will make Taiwan ’s overall employment environment more stable and further promote the domestic demands. It is expected that the economic growth in 2020 will be higher than that in 2019.

In the part of consumption of the mass public, it was benefited from the increase in basic wages and the sound foundations of Taiwan’s stocks, and the continued effect of Taiwanese businesses returning to Taiwan for investment. It helped improve the domestic employment environment, and was expected to promote the consumption of the mass public. It is estimated that the consumption of the mass public would reach the growth rate of 2.03% in 2020. In terms of the fixed capital formation, it is affected by high base period factor, and there are still uncertainties that affect the economic growth at home and abroad. As a result, private investment is still uncertain. However, the government public construction was launched timely, which would help maintain the formation of the overall fixed capital.

In the part of trade, all major prediction institutions believe that the global economic and trade in 2020 will achieve higher growth rate than that in 2019. Moreover, the return of Taiwanese businesses will show continuously positive effect on the exports. Due to the factors such as the high-performance computing, the Internet of Things, smartphones, and the acceleration of 5G infrastructure construction, the annual growth rate of global semiconductor sales is expected to achieve growth in 2020. Taiwan's exports are highly correlated with global semiconductor sales. Due to the low base period in 2019, Taiwan ’s exports are expected to change from negative to positive growth in 2020.

In addition, in terms of price and monetary policy, it is expected that the international oil price will drop in 2020 due to the impact of the epidemic. Although the basic wage has been raised again, the growth of the salary is lower than that in 2019. The domestic prices will be less likely to rise sharply. It is predicted that the CPI growth in 2020 is 1.10%. As Taiwan’s economy in 2020 will achieve higher growth rate than that in 2019, the economic foundations will continue to improve, and the CPI is moderate and stable, it is expected that the monetary policy of Taiwan’s central bank will remain stable dynamically.

As for the uncertain factors in the future, the future development of the US-China trade war in 2020 will still become an important uncertain factor that affects the global and Taiwan’s economy. As shown in the survey conducted by the Taiwan Institute of Economic Research in September 2019, most manufacturing industries in Taiwan still considered the US-China trade war as the primary unfavorable factor, especially for traditional industries such as textile, petrochemical, and steel. For Taiwan's economy and industries, the future development of the trade war will still affect Taiwan's exports and investments, and may even show impacts on the performance of domestic demands through the financial market. Thus, it will become the primary uncertain factors to be faced by Taiwan in 2020.

Secondly, the world countries have recently considered or adopted qualitative easing fiscal policies to support the economic recovery. However, the qualitative easing of fiscal expenditures in the countries will help revitalize the demands, while it will further increase the debt risk. So it becomes the primary consideration about how to maintain fiscal discipline. Thirdly, geopolitical disturbance is still one of the key factors that cannot be ignored in the global economy in 2020. For example, whether the situation in the Middle East affects oil prices has become an important factor in the price trend of raw materials. In terms of major epidemics, the confirmed novel coronavirus cases have been increased sharply. The cases hasn’t only occurred in major cities in China, moreover, the virus has spread to the whole world. If the epidemic cannot be effectively controlled, the fear of 2003 SARS (Severe Acute Respiratory Syndrome) may possibly come back to us. These are all important uncertain factors that affect the economic situation in 2020.

Finally is whether the return of Taiwanese businesses brought by the trade war could achieve continuous or expanded effect. The production bases in the telecommunications industry are moved back to Taiwan, which is conducive to increased domestic investment and direct exports. It can also improve investment, employment, and trade, and promote the performance of traditional manufacturing, financial, and real estate industries, which will further increase the wages and the domestic demands. Therefore, if it could maintain the benefit at the same level in 2019 or even expand, it will benefit Taiwan's economic development in 2020 and even in the next coming years.

2. Current situation and development of the industry

The land transactions in Taiwan's housing market exploded in 2019, creating the transaction volume of nearly NT$310 billion, among which the transactions of commercial real estate accounted for NT$98 billion, and housing transfers of nearly 300,000 buildings. It is an indicator of grasping the low-tide period correctly in terms of the price, transaction volume and purchasing intention, which is a good phenomenon for the Taiwan housing market in 2020.

Due to the US-China trade war, the favorable policies, and the return of Taiwanese businesses, the commercial real estate market will extend the 2019 flourishing trend in 2020. However, the commercial office buildings are out of stock, so the Taiwanese businesses that have return could only buy the pre-sale office buildings among the high-quality products of good location, good products, good construction materials, and good construction planning. Due to the low interest rate, the inelastic self-occupation market has increased. Plus the government's supporting policies, a lot of young self-occupation customers enter this market, and the small and medium-sized residences have become the mainstream products. Jinghua City set a new record for Taiwan ’s single superficies with NT$37.2 billion in 2019. Synnex Group bought Nangang office at the price of NT$6.3 billion, with the unit transaction price of NT$1 million every 3.3 square meters, which hit a new record among the office buildings in the east region of Taipei, making Nanguang the new portal in the east region of Taipei.

Three major development trends in 2020

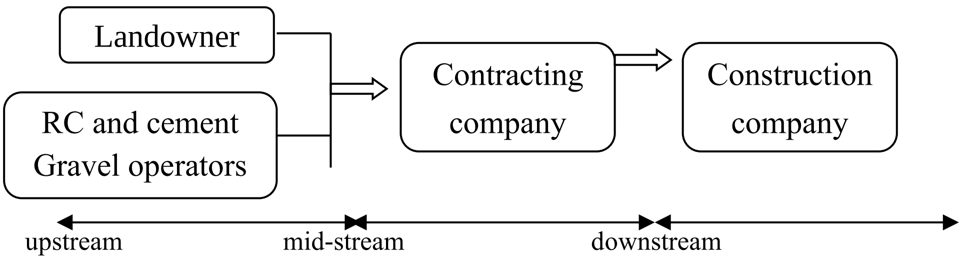
(1) The demands for commercial office buildings will be increased, and the superficies cases will be preferred again-Taipei's office rentals will be increased, and the risk of land rentals will be greatly reduced.

(2) The urban renewal laws and regulations will be more and more complete, and public urban renewal projects will bring more business opportunities- As the urban renewal law

systems complete the amendments, the urban renewal incentives will be more clear. It will extend another 5 years for the dangerous and old houses, which further accelerates the development.

(3) The MRT will be available or under construction, the road economy will continue the hot trend-the excessive profit mechanism is cancelled, the loop line is available. It has started to attract he investment along the line. Moreover, Taoyuan Green Line has started the construction, which shows the business opportunities of development along the line.

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

With the changes in Taiwan's family size and economic structure, "convenient transportation", "small and medium-sized house " and "health and well-being" have led to new market demands and become the development trend of real estate from the perspective of housing market promotion and sales,.

The self-occupancy market shows the trend of stable price and increased volume. In Taipei and New Taipei, they create the boom in the housing market with small and medium-sized house, high-quality planning and price lower than the regional level. In addition to self-occupied inelastic purchases, some customers who intend to purchase real properties or the institutional also start to evaluate whether to enter the market again. The transaction volume of commercial real estate also has rebounded. However, there is still a gap in the price perceived by the buyers and sellers, and it takes a long time for the procedures of transaction.

The structural safety of buildings has also become the focus that people pay attention to. Strengthening construction quality will be the key to future sales. More and more construction companies have extended the warranty period to make consumers assured, which shows positive impact on the development of the 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 2019 was NT$10,170,000 which accounted for 0.003% of the listed companies in the construction industries in Taiwan.

3. Expected sales cases:

In 2020, 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「Wuchang Street-The Central -One」.

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. Coronavirus Plus the China-US trade war, coronavirus, 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.

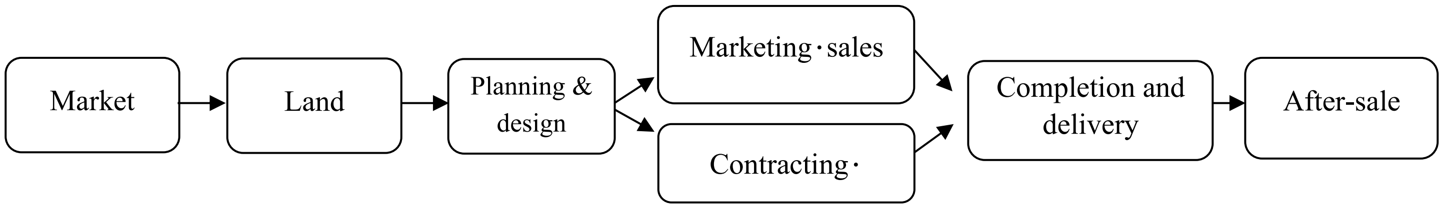
C. Effectively take advantage of the value chain in the group, and properly deploy the investments into new business to strengthen diversified operations and achieve overall synergy.

(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

	2018				2019				2020 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	A	80,244	25.69%	None	E	36,690	99.82%	None	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.			
2	B	65,798	21.07%	None								
3	C	60,332	19.32%	None								
4	D	32,533	10.42%	None								
5	Others	73,448	23.50%	None	Others	66	0.18%					
	Total	312,355	100.00%		Total	36,756	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

	2018				2019				2020 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					Guang-de-li parking lot	3,655	35.94%	None	
2					Customer A	2,000	19.67%	None	
3					Gau-ding dressing store	1,032	10.15%	None	
	Others	1,212,121	100.00%		Others	3,483	34.24%		
	Net amount of sales	1,212,121	100.00%		Net amount of sales	10,170	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	2018			2019		
	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	2018		2019	
	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	-	2,000
Shitan Section case B (Huyue Tianyun)	324.13	169,943	-	-
Xinyi case B (Xinyi Xiangxie)	-	-	-	-
Shenghuojia (Life Artist) Part A	7.28	726	-	-
Taiyuan Road	3.38	4,997	-	
Rental income	-	7,168	-	8,170
Total	2,225.86	1,212,121		10,170

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

Year		2018	2019	April 30, 2020
Number of employees	Chairman's Office	3	3	3
	GM's Office	12	11	11
	Finance & Accounting Dept.	7	7	7
	Business Dept.	4	4	4
	Engineering Management Dept.	6	7	6
	Subsidiaries	2	2	2
	Total	34	34	33
Average length of service		12.60	12.49	12.61
Average age		49.38	48.22	48.12
Distribution of education levels%	Doctor	--	--	--
	Master	12%	12%	12%
	College	79%	76%	76%
	High School	3%	3%	3%
	Below than high school	6%	9%	9%

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 ,Wen-Liang	Director	Advocacy for effective fulfillment of directors' functions	3 hours
LIN,Chao-Jung	Representative of Director	Case study on the criminal conviction of breach of trust and special breach of trust against directors and supervisors	3 hours
		Advocacy for effective fulfillment of directors' functions	3 hours
Chang, Chang-Ter	Independent director	Interpretation of enterprise performance information	3 hours
		Advocacy for effective fulfillment of directors' functions	3 hours
Tseng, Ping-Joung	Independent director	Analysis of key messages and responsibilities of annual report: views of directors and supervisors	3 hours
		Discussion on Human Resources and Acquisition Integration in the Process of Enterprise M & A	3 hours
		Advocacy for effective fulfillment of directors' functions	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)	Forum on the new trend of global liability investment from the perspective of corporate governance	3 hours
		Forum on strengthening the due diligence of institutional investors and investor relations of listed companies	3 hours
		2019 Advocacy for insider trading prevention	3 hours

(6) Employee continuing education and training:

The situation of the Company's employee continuing education and training in 2019 is as below:

Number of trainees	31
Expense	NT$49,500
Course name/ (training institution) 1． 2019 CITIC Stock Affairs Act Briefing (China Trust Agency Department) 2． 2019 corporate governance assessment advocacy (TPEx) 3． Report on the Recent Development Regulations (Taipei City Real Estate Development Association) 4． Analysis of Decoration Legal Issues-review the decoration contract from the perspective of the designer (ShineWing CPAs (Taiwan))	

5. 2019 Advocacy for insider trading prevention (TPEx)
6. Construction law applications in practice and land development, and construction planning practice (Perennial Research Center for Law)
7. Advocacy for regulatory compliance when the listed companies issue insider equities publicly (TPEx)
8. Analysis of Audit Management Practice for Corporate Governance Blueprint (2018-2020) (Accounting Research and Development Foundation)
9. Seminar to promote the adoption of IFRS in Taiwan since September, 2019 (TPEx)
10. 2019 annual training for official document electronic exchange system in the financial market (Concord)
11. AMH House Rental and Sales and Collection Management System (Goinfo)
12. Briefing on the urban and construction laws of Taipei City (Urban Development Bureau of Taipei City Government)
13. 2019 Listed Companies Business Advocacy (TPEx)
14. Internal audit and internal control practice under the new IFRS16 lease accounting (Accounting Research and Development Foundation)
15. Practical study course for how to improve audit and financial efficiency by using Excel functions (The Institute of Internal Auditors-Chinese)
16. Recent Dynamics of Construction Laws and Regulations (Taipei City Real Estate Development Association)
17. Training Course for Accounting Manager of Issuer, Securities Exchange and Stock Exchange (Accounting Research and Development Foundation)
18. Labor Act Knowledge Required by the Auditors-from Recruitment to Resignation (The Institute of Internal Auditors-Chinese)
19. Training Course for Accounting Manager (Accounting Research and Development Foundation)
20. Seminar to promote the adoption of IFRS in Taiwan since Q4, 2019 (TPEx)

(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

Construction contract	Wang- bang Build Corp	2020.03.01 completion of the project	14 land lots including No. 573-1, the 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City 「The Central-One」New Construction	None
Construction contract	Li-gau Build Co., Ltd.	2020.01.20 completion of the project	Delpha「The urban green」projectNew Construction contract	None
Construction contract	Ji-he Corp	2020.01.03~ 2023.10.31	「The urban green」project Kitchenware equipment	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:

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) 2015	2016	2017	2018	2019	Financial data of the current year until M D Y (Note 3)
Current assets		7,295,045	6,144,141	5,588,134	4,990,988	4,985,390	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)		65,637	63,540	123,141	120,413	118,586	
Intangible assets		--	--	--	--		
Other assets(Note 2)		178,203	32,246	27,969	26,991	45,753	
Total assets		7,538,885	6,239,927	5,739,244	5,138,392	5,149,729	
Current liabilities	Before distribution	3,684,481	2,413,508	1,588,711	902,567	1,765,918	
	After distribution	4,117,685	2,630,110	1,588,711	NA	NA	
Non-current liabilities		35,005	24,687	687,709	742,686	12,328	
Total liabilities	Before distribution	3,719,486	2,438,195	2,276,420	1,645,253	1,778,246	
	After distribution	4,152,690	2,654,797	2,276,420	NA	NA	
Equity attributable to owner of the parent company		3,551,806	3,539,188	3,208,469	3,244,403	3,113,038	
Capital stock		2,707,525	2,707,525	2,707,525	2,707,525	2,707,525	
Capital reserve		8,828	8,828	8,929	9,240	9,141	
Retained earnings	Before distribution	871,408	858,790	527,970	560,721	400,161	
	After distribution	438,204	642,188	527,970	NA	NA	
Other equity		--	--	--	(5,322)	(3,789)	
Treasury stock		(35,955)	(35,955)	(35,955)	(27,761)	--	
Non-controlling interests		267,593	262,544	254,355	248,736	258,445	
Total equity	Before distribution	3,819,399	3,801,732	3,462,824	3,493,139	3,371,483	
	After distribution	3,386,195	3,585,130	3,462,824	NA	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)					Financial data of the current year until M D Y (Note 2)
	2015	2016	2017	2018	2019	
Operating income	3,220,299	2,357,723	69,225	1,212,121	10,170	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Gross profit/loss	943,046	736,052	11,402	198,053	8,265	
Operating profit/loss	723,028	520,576	(107,165)	68,178	(67,951)	
Non-operating income and expense	(2,019)	(45,193)	(9,881)	(33,514)	(5,898)	
Net profit(loss) before tax	721,009	475,383	(117,046)	34,664	(73,849)	
Net profit(loss) of continuing operations in the current period	--	--	--	--	--	
Loss of discontinued operations	--	--	--	--	--	
Net profit (loss) of the current period	684,918	416,176	(122,409)	20,066	(75,294)	
Other comprehensive gains/losses of the current period (Net amount after tax)	(1,017)	(639)	2	(577)	3,003	
Total comprehensive income of the current term	683,901	415,537	(122,407)	19,489	(72,291)	
Net profit/loss attributable to owner of the parent company	694,519	421,225	(114,220)	26,874	(68,696)	
Net profit/loss attributable to non-controlling interest	(9,601)	(5,049)	(8,189)	(6,808)	(6,598)	
Total comprehensive profit/loss attributable to owner of the parent company	693,502	420,586	(114,218)	26,301	(65,696)	
Total comprehensive income attributable to non-controlling interest	(9,601)	(5,049)	(8,189)	(6,812)	(6,595)	
EPS	2.59	1.57	(0.43)	0.10	(0.25)	

＊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) 2015	2016	2017	2018	2019	Financial data of the current year until M D Y (Note 3)
Current assets		5,990,981	4,845,724	4,337,053	3,691,488	3,714,824	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)		65,637	63,425	61,157	58,845	57,435	
Intangible assets		--	--	--	--	--	
Other assets(Note2)		574,317	424,229	411,871	409,291	397,362	
Total assets		6,630,935	5,333,378	4,810,081	4,159,624	4,169,621	
Current liabilities	Before distribution	3,059,035	1,783,207	1,575,254	895,534	1,045,131	
	After distribution	3,492,239	1,999,809	1,575,254	NA	NA	
Non-current liabilities		20,094	10,983	26,358	19,687	11,452	
Total liabilities	Before distribution	3,079,129	1,794,190	1,601,612	915,221	1,056,583	
	After distribution	3,512,333	2,010,792	1,601,612	NA	NA	
Equity		3,551,806	3,539,188	3,208,469	3,244,403	3,113,038	
Capital stock		2,707,525	2,707,525	2,707,525	2,707,525	2,707,525	
Capital reserve		8,828	8,828	8,929	9,240	9,141	
Retained earnings	Before distribution	871,408	858,790	527,970	560,721	400,161	
	After distribution	438,204	642,188	527,970	NA	NA	
Other equity		--	--	--	(5,322)	(3,789)	
Treasury stock		(35,955)	(35,955)	(35,955)	(27,761)	--	
Non-controlling interests		--	--	--	--	--	
Total equity	Before distribution	3,551,806	3,539,188	3,208,469	3,244,403	3,113,038	
	After distribution	3,118,602	3,322,586	3,208,469	NA	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)
	2015	2016	2017	2018	2019	
Operating income	3,212,791	2,349,615	62,761	1,201,069	3,069	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Gross profit/loss	935,538	727,944	4,938	192,057	1,164	
Operating profit/loss	722,489	521,210	(99,240)	69,949	(66,306)	
Non-operating income and expense	8,121	(40,807)	(9,416)	(28,510)	(2,390)	
Net profit(loss) before tax	730,610	480,403	(108,656)	41,439	(68,696)	
Net profit(loss) of continuing operations in the current period	--	--	--	--	--	
Loss of discontinued operations	--	--	--	--	--	
Net profit (loss) of the current period	694,519	421,225	(114,220)	26,874	(68,696)	
Other comprehensive gains/losses of the current period (Net amount after tax)	(1,017)	(639)	2	(573)	3,000	
Total comprehensive income of the current term	693,502	420,586	(114,218)	26,301	(65,696)	
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	2.59	1.57	(0.43)	0.10	(0.25)	

＊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:

2015	NT$50,584,000	2018	NT$0
2016	NT$0	2019	NT$6,198,000
2017	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
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
2019	Chen,Kuang-Hui, Yau,Yu Lin	Unqualified

2. CPA replacement reasons in the past five years:

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

☆The Company co-operated with internal rotation of MOORE STEPHENS INTERNATIONAL LIMITED in 2016, so it changed to appoint CPA Kuo,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 data in the past five years (Note 1) 2015	2016	2017	2018	2019	Financial data of the current year until M D Y (Note 2)
Financial structure (%)	Debt Ratio	49.34	39.07	39.66	32.02	34.53	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	5,872.30	6,022.06	3,370.55	3,517.75	2,853.47	
Solvency (%)	Current ratio	197.99	254.57	351.74	552.98	282.31	
	Quick ratio	39.81	45.43	36.87	72.75	28.30	
	Times interest earned ratio	8.62	16.72	(2.02)	2.13	(1.77)	
Operational capability	Accounts receivable turnover (times)	165.90	46.28	1.71	406.62	4.93	
	Average collection days	2.20	7.88	213.45	0.89	74.03	
	Inventory turnover (times)	0.34	0.28	0.01	0.20	0.00	
	Accounts payable turnover (times)	15.71	6.69	0.39	24.25	0.09	
	Average days in sales	1,073.52	1,303.57	36,500.00	1,825.00	NA	
	Property, plant and equipment turnover (times)	47.68	36.50	0.74	9.95	0.09	
	Total assets turnover (times)	0.40	0.34	0.01	0.22	0.00	
Profitability	Return on total assets (%)	8.99	6.41	(1.51)	0.82	(1.11)	
	Return on stockholders' equity (%)	20.17	10.92	(3.37)	0.58	(2.19)	
	Pre-tax net profit to paid-in capital (%) (Note 7)	26.63	17.56	(4.32)	1.28	(2.73)	
	Profit margin (%)	21.27	17.65	(176.83)	1.66	(740.35)	
	EPS (NT$)	2.59	1.57	(0.43)	0.10	(0.25)	
Cash flow	Cash flow ratio (%)	66.57	--	13.06	66.93	--	
	Cash flow adequacy ratio (%)	--	210.52	232.63	297.18	414.30	
	Cash reinvestment ratio (%)	63.41	(11.27)	(0.22)	14.19	(2.39)	
Leverage	Operating leverage	1.18	1.18	0.17	1.97	0.10	
	Financial leverage	1.05	1.06	0.73	1.82	0.75	

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

	2018	2019	Change ratio	Analysis of Change ratio higher than 20%
Debt Ratio	32.02	34.53	8%	--
Ratio of long-term capital to property, plant and equipment	3,517.75	2,853.47	-19%	--
Current ratio	552.98	282.31	-49%	The main reason is the current liability of the current period is increased, so the ratio is reduced.
Quick ratio	72.75	28.30	-61%	The main reason is the current liability of the current period is increased, so the ratio is reduced.
Times interest earned ratio	2.13	(1.77)	-183%	The main reason is the pre-tax net profit of the current period is reduced, so the times are lower.
Accounts receivable turnover (times)	406.62	4.93	-99%	The main reason is the net sales volume of the current period is reduced, so the turnover is reduced.
Average collection days	0.89	74.03	8,218%	1. The credit policy of the current period is the same as that of the previous period. 2. The accounts receivable turnover of the current period is reduced, so the collection days are increased.
Inventory turnover (times)	24.25	0.09	-100%	The main reason is the sales cost of the current period is reduced, so the turnover is decreased.
Accounts payable turnover (times)	0.20	0.00	-100%	The main reason is the sales cost of the current period is reduced, so the turnover is decreased.
Average days in sales	1,825.00	NA	NA	The main reason is the sales cost of the current period is reduced.
Property, plant and equipment turnover (times)	9.95	0.09	-99%	The main reason is the net sales volume of the current period is reduced, so the turnover is reduced.
Total assets turnover (times)	0.22	0.00	-100%	The main reason is the net sales volume of the current period is reduced, so the turnover is reduced.
Return on total assets	0.82	(1.11)	-235%	The main reason is the after-tax net profit of the current period, so the return ratio is decreased.
Return on stockholders' equity	0.58	(2.19)	-478%	The main reason is the after-tax net profit of the current period, so the return ratio is decreased.
Pre-tax net profit to paid-in capital	1.28	(2.73)	-313%	The main reason is the pre-tax net profit of the current period, so the return ratio is decreased.
Profit margin	1.66	(740.35)	-44,699%	The main reason is the net sales volume and the after-tax net profit of the current period are both reduced, so the margin ratio is decreased.
EPS (NT$)	0.10	(0.25)	-350%	The main reason is the after-tax net profit of the current period, so the EPS is decreased.
Cash flow ratio	66.93	--	--	The operating activity is cash outflow in the current period, so it is not analyzed.
Cash flow adequacy ratio	297.18	414.30	39%	The capital investment of the current period is reduced, so the ratio is increased.
Cash reinvestment ratio	14.19	(2.39)	-117%	The cash dividend distributed is higher than the cash flow of operating activity in the current period, so the ratio is reduced.
Operating leverage	1.97	0.10	-95%	The net operating income of the current period is reduced, so the leverage is reduced.
Financial leverage	1.82	0.75	-59%	The operating profit of the current period is reduced, so the leverage is reduced.

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

Analysis item (Note 3) \ Year (Note 1)		Financial data in the past five years (Note 1)					Financial data of the current year until M D Y (Note 2)
		2015	2016	2017	2018	2019	
Financial structure (%)	Debt Ratio	46.44	33.64	33.30	22.00	25.34	There is no financial data audited by the CPA in the current year and as of the Annual Report
	Ratio of long-term capital to property, plant and equipment	5,441.90	5,597.43	5,289.38	5,546.93	5,440.05	
Solvency (%)	Current ratio	195.85	271.74	275.32	412.21	355.44	
	Quick ratio	46.62	59.53	34.98	66.36	44.62	
	Times interest earned ratio	11.89	35.02	(3.50)	3.60	(4.26)	
Operational capability	Accounts receivable turnover (times)	169.34	46.43	1.56	562.69	85.25	
	Average collection days	2.15	7.86	233.97	0.64	4.28	
	Inventory turnover (times)	0.41	0.36	0.01	0.27	0.00	
	Accounts payable turnover (times)	15.71	6.69	0.39	24.32	0.09	
	Average days in sales	890.24	1,013.88	36,500.00	1,351.85	NA	
	Property, plant and equipment turnover (times)	47.57	36.41	1.01	20.02	0.05	
	Total assets turnover (times)	0.46	0.39	0.01	0.27	0.00	
Profitability	Return on total assets (%)	10.11	7.24	(1.86)	0.89	(1.49)	
	Return on stockholders' equity (%)	21.62	11.88	(3.39)	0.83	(2.16)	
	Pre-tax net profit to paid-in capital (%) (Note 7)	26.98	17.74	(4.01)	1.53	(2.54)	
	Profit margin (%)	21.62	17.93	(181.99)	2.24	(2,238.38)	
	EPS (NT$)	2.59	1.57	(0.43)	0.10	(0.25)	
Cash flow	Cash flow ratio (%)	83.60	--	13.16	74.61	--	
	Cash flow adequacy ratio (%)	--	249.22	275.00	354.54	437.34	
	Cash reinvestment ratio (%)	80.39	(13.68)	(0.33)	23.09	(2.91)	
Leve	Operating leverage	1.17	1.17	0.20	1.85	0.20	

rage	Financial leverage	1.02	1.03	0.80	1.30	0.89	

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

	2018	2019	Change ratio	Analysis of Change ratio higher than 20%
Debt Ratio	22.00	25.34	15%	--
Ratio of long-term capital to property, plant and equipment	5,546.93	5,440.05	-2%	--
Current ratio	412.21	355.44	-14%	
Quick ratio	66.36	44.62	-33%	The main reason is the inventory and prepayments of the current period are both increased, so the ratio is reduced.
Times interest earned ratio	3.60	(4.26)	-218%	The main reason is the pre-tax net profit of the current period is reduced, so the times are lower.
Accounts receivable turnover (times)	562.69	85.25	-85%	The main reason is the net sales volume of the current period is reduced, so the turnover is reduced.
Average collection days	0.64	4.28	569%	1. The credit policy of the current period is the same as that of the previous period. 2. The accounts receivable turnover of the current period is reduced, so the collection days are increased.
Inventory turnover (times)	24.32	0.09	-100%	The main reason is the sales cost of the current period is reduced, so the turnover is decreased.
Accounts payable turnover (times)	0.27	0.00	-100%	The main reason is the sales cost of the current period is reduced, so the turnover is decreased.
Average days in sales	1,351.85	NA	NA	The main reason is the sales cost of the current period is reduced.
Property, plant and equipment turnover (times)	20.02	0.05	-100%	The main reason is the net sales volume of the current period is reduced, so the turnover is reduced.
Total assets turnover (times)	0.27	0.00	-100%	The main reason is the net sales volume of the current period is reduced, so the turnover is reduced.
Return on total assets	0.89	(1.49)	-269%	The main reason is the after-tax net profit of the current period, so the return ratio is decreased.
Return on stockholders' equity	0.83	(2.16)	-360%	The main reason is the after-tax net profit of the current period, so the return ratio is decreased.
Pre-tax net profit to paid-in capital	1.53	(2.54)	-266%	The main reason is the pre-tax net profit of the current period, so the return ratio is decreased.
Profit margin	2.24	(2,238.38)	-100,028 %	The main reason is the net sales volume and the after-tax net profit of the current period are both reduced, so the margin ratio is decreased.
EPS (NT$)	0.10	(0.25)	-350%	The main reason is the after-tax net profit of the current period, so the EPS is decreased.
Cash flow ratio	74.61	--	--	The cash flow of operating activity is outflow in the current period, so it is not analyzed.
Cash flow adequacy ratio	354.54	437.34	23%	The capital investment of the current period is reduced, so the ratio is increased.
Cash reinvestment ratio	23.09	(2.91)	-113%	The cash dividend distributed is higher than the cash flow of operating activity in the current period, so the ratio is

				reduced.
Operating leverage	1.85	0.20	-89%	The net operating income of the current period is reduced, so the leverage is reduced.
Financial leverage	1.30	0.89	-32%	The operating profit of the current period is reduced, so the leverage is reduced.

*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 2019 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.

2020 Annual Shareholders' Meeting of Delpha Construction Co., Ltd

Audit Committee Convener: Tseng, Ping-Joung

March 27, 2020

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

For the year ended December 31, 2019, 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 same 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 27, 2020

Independent Auditors' Report

Delpha Construction Co., Ltd.

Opinion

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

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

Basis for opinion

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

Independent Auditors’ Report (Continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. 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:

Evaluation of inventories

Please refer to Note 4(13) 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(6) 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 84% 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 a significant difference. And to obtain the valuation report issued by the appraiser or by referencing to the present value of land announced by the Ministry of the Interior to assess whether there is a significant difference between the construction land and the construction in progress; and for the valuation report issued by the appraiser, to assess the

Independent Auditors' Report (Continued)

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.

Other matters

We have audited the parent only financial statements of Delpha Construction Co., Ltd. for the year ended December 31, 2019 and December 31, 2018 on which we have issued 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 auditors' 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Kuang - Hui   Yao Yu Lin

Chen, Kuang- Hui   Yao, Yu-Lin

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

Notice to Readers

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

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

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated balance sheets

December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019	%	December 31, 2018	%
Current assets					
Cash and cash equivalents	6.(1)	$ 132,046	3	$ 372,646	7
Financial assets at fair value through profit or loss	6.(2)	58,249	1	69,504	2
Notes receivable, net	6.(4)	2,465	-	1,646	-
Accounts receivable, net	6.(4)	6	-	11	-
Other receivables	6.(5)	39,438	1	4,565	-
Current income tax assets		360	-	93	-
Inventories	6.(6) and 8	4,337,552	84	4,279,169	83
Prepayments		148,080	3	55,225	1
Other financial assets	6.(7) and 8	267,194	5	208,048	4
Other current assets		-	-	81	-
		4,985,390	97	4,990,988	97
Non-current assets					
Financial assets at fair value through other comprehensive income	6.(3)	3,769	-	6,784	-
Property, plant and equipment	6.(8) and 8	118,586	2	120,413	3
Right-of-use asset	6.(9)	4,969	-	-	-
Deferred income tax assets	6.(28)	-	-	1,445	-
Refundable deposits	7	31,463	1	13,257	-
Other non-current assets		5,552	-	5,505	-
		164,339	3	147,404	3
Total assets		$ 5,149,729	100	$ 5,138,392	100

(Continued on next page)

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated balance sheets

December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

Liabilities and equity	Notes	December 31, 2019	%	December 31, 2018	%
Current liabilities					
Short-term borrowings	6.(12) and 8	$ 282,000	6	$ -	-
Short-term notes and bills payable	6.(13) and 8	-	-	319,983	6
Contract liabilities	6.(22)	187,130	4	2,000	-
Notes payable	6.(14)	-	-	1,647	-
Accounts payable	6.(14)	20,486	-	20,357	1
Other payables		16,549	-	13,186	-
Provisions for liabilities	6.(17)	644	-	622	-
Current lease liabilities		4,974	-	-	-
Receipts in advances	7	28,958	1	27,944	1
Long-term borrowings - current portion	6.(15) and 8	1,224,900	24	516,574	10
Other current liabilities		277	-	254	-
		1,765,918	35	902,567	18
Non-current liabilities					
Long-term borrowings	6.(15) and 8	-	-	722,207	14
Net defined benefit liabilities, non-current	6.(16)	2,147	-	10,382	-
Guarantee deposits		10,181	-	10,097	-
		12,328	-	742,686	14
Total liabilities		1,778,246	35	1,645,253	32
Equity attributable to shareholders of the parent					
Common stock	6.(18)	2,707,525	52	2,707,525	53
Capital surplus	6.(19)	9,141	-	9,240	-
Retained earnings:	6.(20)				
Legal reserve		237,247	5	234,560	5
Special reserve		24,199	-	18,758	-
Unappropriated earnings		138,715	3	307,403	6
Other equity interest		(3,789)	-	(5,322)	-
Treasury stock	6.(18)	-	-	(27,761)	(1)
		3,113,038	60	3,244,403	63
Non-controlling interest	6.(21)	258,445	5	248,736	5
Total equity		3,371,483	65	3,493,139	68
Total liabilities and equity		$ 5,149,729	100	$ 5,138,392	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, 2019 and 2018
(Expressed in thousands of New Taiwan dollars)

		For the year ended December 31,			
	Notes	2019	%	2018	%
Revenue	6.(22) and 7	$ 10,170	100	$ 1,212,121	100
Cost of revenue	6.(7)	(1,905)	(19)	(1,014,068)	(84)
Gross profit		8,265	81	198,053	16
Operating expenses					
Selling expenses	6.(25)	(1,883)	(18)	(41,204)	(3)
General & administrative expenses	6.(25)	(74,333)	(731)	(88,671)	(7)
		(76,216)	(749)	(129,875)	(10)
Income (loss) from operations		(67,951)	(668)	68,178	6
Non-operating income and expenses					
Other income	6.(23)	9,224	91	12,406	1
Other gains and losses	6.(24)	7,568	74	(15,117)	(1)
Finance costs	6.(27)	(22,690)	(223)	(30,803)	(3)
		(5,898)	(58)	(33,514)	(3)
Income (loss) before income tax		(73,849)	(726)	34,664	3
Income tax expense	6.(28)	(1,445)	(14)	(14,598)	(1)
Net income (loss) for the year		(75,294)	(740)	20,066	2
Other comprehensive income					
Component of other comprehensive income that will not be reclassified to profit or loss					
Remeasurement of defined benefit obligation		1,666	16	(95)	-
Unrealized loss on valuation of investments in equity instruments at fair value through other comprehensive income		1,337	13	(482)	-
Income tax expenses related to components that will not be reclassified to profit or loss		-	-	-	-
Total other comprehensive income (loss) for the year		3,003	29	(577)	-
Total comprehensive income (loss) for the year		($ 72,291)	(711)	$ 19,489	2
Net income (loss) attributable to:					
Shareholders of the parent		($ 68,696)	(675)	$ 26,874	2
Non-controlling interest		(6,598)	(65)	(6,808)	-
		($ 75,294)	(740)	$ 20,066	2
Total comprehensive income (loss) attributable to					
Shareholders of the parent		($ 65,696)	(646)	$ 26,301	2
Non-controlling interest		(6,595)	(65)	(6,812)	-
		($ 72,291)	(711)	$ 19,489	2
Earnings per share (In New Taiwan dollars)	6.(29)				
Basic earnings per share		($ 0.25)		$ 0.1	
Diluted earnings per share				$ 0.1	

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

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated statement of changes in equity

For the years ended December 31, 2019 and 2018

(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, 2018	$ 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 the Company's shares deemed 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 year	-	-	-	-	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
Appropriation of prior year's earnings:										
Special capital reserve	-	-	-	5,441	(5,441)	-	-	-	-	-
Legal reserve	-	-	2,687	-	(2,687)	-	-	-	-	-
Cash dividends	-	-	-	-	(81,225)	-	-	(81,225)	-	(81,225)
Expired and unclaimed dividend transfer to legal reserve	-	50	-	-	-	-	-	50	-	50
Disposal of the Company's shares deemed as treasury stock transaction by a subsidiary	-	(149)	-	-	(12,106)	-	27,761	15,506	-	15,506
Changes in ownership interests of subsidiaries	-	-	-	-	(199)	199	-	-	(398)	(398)
Other	-	-	-	-	-	-	-	-	16,702	16,702
	2,707,525	9,141	237,247	24,199	205,745	(5,123)	-	3,178,734	265,040	3,443,774
Net loss for the year	-	-	-	-	(68,696)	-	-	(68,696)	(6,598)	(75,294)
Other comprehensive income for the year	-	-	-	-	1,666	1,334	-	3,000	3	3,003
Total other comprehensive income (loss) for the year	-	-	-	-	(67,030)	1,334	-	(65,696)	(6,595)	(72,291)
Balance, December 31, 2019	$ 2,707,525	$ 9,141	$ 237,247	$ 24,199	$ 138,715	($ 3,789)	$ -	$ 3,113,038	$ 258,445	$ 3,371,483

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, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2019	2018
Cash flows from operating activities		
Income (loss) before income tax for the year	($ 73,849)	$ 34,664
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation	3,842	2,728
Interest income	(5,176)	(3,749)
Dividend revenue	(79)	(631)
Interest expense	22,690	30,803
Gain arising from lease modification	(1)	-
Gain on foreign exchange, net	(948)	(3,432)
Loss on disposal of investments	133	-
Changes in operating assets and liabilities		
Increase in financial assets at fair value through profit or loss	(8,770)	(60,378)
(Increase) decrease in notes receivable	(819)	2,659
Decrease (increase) in accounts receivable	5	(11)
Decrease in other receivables	3,832	24,235
(Increase) decrease in inventories	(52,185)	623,236
(Increase) decrease in prepayments	(94,335)	44,798
(Increase) decrease in other financial assets	(64,146)	47,762
Increase (decrease) in contract liabilities	185,130	(46,020)
Decrease in notes payable	(209)	(287)
Increase (decrease) in accounts payable	129	(39,348)
Increase (decrease) in other payables	3,357	(362)
Increase (decrease) in provisions for liabilities	22	(501)
Increase in receipts in advances	1,007	1,344
Increase (decrease) in other current liabilities	23	(322)
Decrease in net defined benefit liabilities	(6,569)	(6,766)
Cash generated from (used in) operations	(86,916)	650,422
Interest received	5,782	3,107
Interest paid	(28,767)	(31,123)
Dividend received	79	631
Income taxes paid (including land value increment tax)	(267)	(18,953)
Net cash generated from (used in) operating activities	(110,089)	604,084

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Delpha Construction Co., Ltd. and Subsidiaries

Consolidated statement of cash flows

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

	For the year ended December 31,	
	2019	2018
Cash flows from investing activities		
Refund of capital from financial assets at fair value through other comprehensive income after capital reduction	1,975	1,561
Loss on disposal of subsidiary	(8,724)	-
Acquisition of property, plant and equipment	(208)	-
(Increase) decrease in refundable deposits	(18,206)	39
Increase in other non-current assets	(3,822)	-
Net cash generated from (used in) investing activities	(28,985)	1,600
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	282,000	(511,057)
Decrease in short-term notes and bills payable	(319,983)	(79,980)
Increase in long-term borrowings	-	63,000
Repayment of long-term borrowings	(13,881)	(6,208)
Payment of lease liability	(1,808)	-
Increase (decrease) in guarantee deposits	84	(139)
Expired and unclaimed dividend transfer to legal reserve	50	162
Payment of cash dividend	(81,225)	-
Disposal of treasury stock	32,289	9,527
Net cash used in financing activities	(102,474)	(524,695)
Effect of exchange rate changes on cash and cash equivalents	948	3,432
(Decrease) increase in cash and cash equivalents	(240,600)	84,421
Cash and cash equivalents at beginning of year	372,646	288,225
Cash and cash equivalents at end of year	$ 132,046	$ 372,646

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 27, 2020.

3. Application of new standards, amendments and interpretations

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

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

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

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

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

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

A. IFRS 16, ‘Leases’ replaces International Accounting Standard No. 17, ‘Leases’ (hereinafter referred to as “IAS 17”). The Group has elected to apply IFRS 16 by not restating the comparative information when applying IFRS 16. As a lessee, the lease contract increased the right-of-use asset by $1,396 thousand and the lease liabilities by $1,354 thousand on January 1, 2018, and reduced the prepayments by $1,480 thousand and the notes payable by $1,438 thousand.

B. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

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

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

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

C. The Group calculated the present value of lease liabilities by using the incremental borrowing rate, which is 1.469%.

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

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

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

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

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

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

B. The 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
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.	January 1, 2021

(Continued on next page)

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IFRS 17 'Insurance Contracts' (continued)	This Standard requires a current measurement model where estimates are re-measured at each reporting period. Measurements are based on discounted contract and probability-weighted cash flows, risk adjustments, and the expected profit from the unearned portion of the contract (contractual service margins). An entity may apply a simplified approach to the measurement for some of insurance contracts (premium allocation approach). The entity should recognize the revenue generated by a 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 Group assessed the above standards and interpretations and there is no significant impact to the Group's financial position and financial performance.

4. Summary of significant accounting policies

The 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 Company and to the non-controlling interest. Total comprehensive income is attributed to the owners of the 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:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Note
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%	1

Note 1: Dahyoung held an special shareholder meeting on December 23, 2019, and resolved that December 25, 2019 as the reference date for dissolution. On the same date, the Company lost its control to Dayhyoug.

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, the issued common stock of the Company that was held by Huachien was $2,067 thousand shares ($31,413 thousand), approximately 0.76% of the Company's outstanding common stock.

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

As of December 31, 2019 and 2018, the Group's non-controlling interest is amounted to $258,445 thousand and $248,736 thousand, respectively. The information of non-controlling interest that are material to the Group and subsidiaries is as follows:

		Non–controlling interest			
		December 31,			
		2019		2018	
Name of subsidiary	Principal place of business	Amount	Ownership %	Amount	Ownership %
Huachien	Taipei, Taiwan	$ 258,445	42	$ 248,336	42
Dahyoung	Taipei, Taiwan	-	-	400	1
Total		$ 258,445		$ 248,736	

Summarized financial information of the subsidiaries:

Balance sheet

	Huachien	
	December 31,	
	2019	2018
Current assets	$ 1,266,325	$ 1,262,421
Non-current assets	65,855	94,030
Current liabilities	(720,822)	(6,981)
Non-current liabilities	(876)	(722,999)
Total net assets	$ 610,482	$ 626,471

	Dahyoung	
	December 25, 2019	December 31, 2018
Current assets	$ -	$ 32,771
Non-current assets	-	7,287
Current liabilities	-	(66)
Non-current liabilities	-	-
Total net assets	$ -	$ 39,992

Statement of comprehensive income

	Huachien	
	For the year ended December 31,	
	2019	2018
Revenue	$ 7,158	$ 11,110
Loss before income tax	(15,832)	(16,337)
Income tax expense	-	-
Net loss for the year	(15,832)	(16,337)
Other comprehensive income (loss) for the year	(1,033)	1,033
Total comprehensive loss for the year	($ 16,865)	($ 15,304)
Comprehensive loss attributable to non–controlling interest	($ 6,593)	($ 6,803)
Dividends paid to non-controlling interest	$ -	$ -

	Dahyoung	
	For the year ended December 31,	
	2019	2018
Revenue	$ -	$ -
Loss before income tax	-	(411)
Income tax expense	-	(33)
Net loss for the year	-	(444)
Other comprehensive loss for the year	-	(399)
Total comprehensive loss for the year	$ -	($ 843)
Comprehensive loss attributable to non–controlling interest	$ -	($ 9)
Dividends paid to non-controlling interest	$ -	$ -

Statements of cash flows

	Huachien	
	For the year ended December 31,	
	2019	2018
Net cash used in operating activities	($ 10,481)	($ 43,527)
Net cash generated from investing activities	31,999	9,527
Net cash generated from (used in) financing activities	(14,550)	56,653
Increase in cash and cash equivalents	6,968	22,653
Cash and cash equivalents, beginning of year	24,000	1,347
Cash and cash equivalents, end of year	$ 30,968	$ 24,000

	Dahyoung	
	For the year ended December 31,	
	2019	2018
Net cash used in operating activities	$ -	($ 20,550)
Decrease in cash and cash equivalents	-	(20,550)
Cash and cash equivalents, beginning of year	-	28,169
Cash and cash equivalents, end of year	$ -	$ 7,619

(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 currency.

Foreign currency translation 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. 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 trade 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

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 trade 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) Notes and accounts receivable

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

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

(10) Impairment of financial assets

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.

(11) 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.

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

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

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

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

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

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

(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) 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.

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

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

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

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

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

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

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

(16) Impairment of non-financial assets

The 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 with drawable or when recognizing related significant cost component. Benefits that are not expected to be paid off 12 months after the balance sheet date shall be discounted.

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

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

(21) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company 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 Company buy back its outstanding shares, the consideration paid including any costs that directly attributable are recognized and deducted from shareholders’ equity. At the time of cancellation of this buy back outstanding shares are debit to ″capital reserve - share premium″ and ″common stock″ according to equity ratio, the difference between the book value of treasury stock and buy back outstanding shares are to be written off to capital reserve with the same category of treasury stock.

(23) Revenue recognition

A. The 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 Group is restricted by the terms of the contract on making use of the property by any means until the legal ownership of the properties transferred to the customers; and then the Group has an enforceable right to collect the contractual amounts; and therefore the revenues are recognized when the legal titles are transferred to the customers.

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 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 statements 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 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, 2019, the Group's carrying amount of inventories is $4,337,552 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31,	
	2019	2018
Cash on hand and working capital	$ 180	$ 185
Checking accounts and demand deposits	131,866	305,860
Time deposits	-	66,601
Total	$ 132,046	$ 372,646

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

	December 31,			
	2019		2018	
Financial assets mandatorily measured at fair value through profit or loss				
Listed stocks	$	10,669	$	4,714
Beneficiary certificates		47,580		64,790
Total	$	58,249	$	69,504
Current	$	58,249	$	69,504
Non-current		-		-
Total	$	58,249	$	69,504

A. The Group recognized a gain on valuation of $6,772 thousand and an loss on valuation of $18,469 thousand in 2019 and 2018, respectively.

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

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

	December 31,			
	2019		2018	
Investments in equity instrument measured at fair value through other comprehensive income:				
Unlisted equity investments	$	3,769	$	6,784
Current	$	-	$	-
Non-current		3,769		6,784
Total	$	3,769	$	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. On April 2, 2008, Emphasis Materials, Inc. was dissolved by resolution. As of December 31, 2019, the liquidation process has not yet been completed.

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

D. The amounts recognized by the Group in other comprehensive income or loss in 2019 and 2018 were a profit of $1,337 thousand and a loss of $482 thousand, respectively.

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

(4) Notes receivable and accounts receivable

	December 31,			
	2019		2018	
Notes receivable	$	2,465	$	1,646
Less: allowance for doubtful accounts		-		-
		2,465		1,646
Accounts receivable		6		11
Less: allowance for doubtful accounts		-		-
		6		11
Total	$	2,471	$	1,657

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, 2019 and 2018 was the carrying amount of each class of accounts receivable and notes receivable.

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

	December 31,			
	2019		2018	
Not past due	$	2,471	$	1,657
Past due less than 1 month		-		-
Past due less than 1 - 3 months		-		-
Past due less than 3 - 6 months		-		-
Past due less over 6 months		-		-
Total	$	2,471	$	1,657

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

December 31, 2019	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	$ 2,471	$ -	$ 2,471
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		$ 2,471	$ -	$ 2,471

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

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

(5) Other receivables

	December 31, 2019	December 31, 2018
Other receivables	$ 55,683	$ 20,810
Less: allowance for doubtful accounts	(16,245)	(16,245)
Total	$ 39,438	$ 4,565

(6) Inventories

	December 31,	
	2019	2018
Lands for sale	$ 94,327	$ 94,327
Buildings for sale	48,750	48,750
Lands held for construction	4,218,540	4,181,784
Construction in progress	365,331	343,704
Less: allowance for decline in market value and obsolescence	(389,396)	(389,396)
Total	$ 4,337,552	$ 4,279,169

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

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

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

	December 31,			
	2019		2018	
Case	Lands held for construction	Construction in progress	Lands held for construction	Construction in progress
Shu Lin An	$ 112,371	$ 85,821	$ 112,371	$ 85,821
Sheng Huo Jia B	7,803	1,350	7,803	1,350
Hsin Dian He Feng	483,764	148,391	483,764	148,391
Tai Yuan Lu	1,211,267	25,868	1,211,267	25,868
Fu De Duan B	423	-	423	-
Hsin Guang Lu B	2,217	-	2,217	-
Rong Hsing Duan	73,440	10,899	73,440	3,811
Huai Sheng Duan	1,418,917	8,117	1,382,161	6,003
Yun He Jie A	621,454	83,909	621,454	72,460
Yun He Jie B	1,712	-	1,712	-
Wen Lin Bei Lu	285,172	976	285,172	-
Total	$ 4,218,540	$ 365,331	$ 4,181,784	$ 343,704

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

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

E. Significant information on construction projects

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

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

	For the year ended December 31, 2019	2018
Cost of sales	$ 1,905	$ 1,014,068
Impairment losses	-	-
Total	$ 1,905	$ 1,014,068

(7) Other financial assets

	December 31, 2019	2018
Time deposits	$ 172,792	$ 202,658
Cash in bank	94,402	5,390
Total	$ 267,194	$ 208,048
Current	$ 267,194	$ 208,048
Non-current	-	-
Total	$ 267,194	$ 208,048

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

(8) Property, plant and equipment

	Lands	Buildings	Transportation equipment	Office equipment	Other equipment	Total
Cost						
At January 1, 2018	$ 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
Additions	-	115	-	93	-	208
Disposals and scrapped	-	-	-	(214)	-	(214)
At December 31, 2019	$ 94,331	$ 38,960	$ 639	$ 6,290	$ 257	$ 140,477

	Lands	Buildings	Transportation equipment	Office equipment	Other equipment	Total
Accumulated depreciation and impairment						
At January 1, 2018	$ -	$ 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
Depreciation	-	1,640	80	287	28	2,035
Disposals and scrapped	-	-	-	(214)	-	(214)
At December 31, 2019	$ -	$ 15,826	$ 280	$ 5,564	$ 221	$ 21,891
Net book value						
At December 31, 2018	$ 94,331	$ 24,659	$ 439	$ 920	$ 64	$ 120,413
At December 31, 2019	$ 94,331	$ 23,134	$ 359	$ 726	$ 36	$ 118,586

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

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

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

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

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

	December 31, 2019		For the year ended December 31, 2019	
	Carrying amount		Depreciation	
Lands and buildings	$	4,363	$	704
Transportation equipment		606		1,103
Total	$	4,969	$	1,807

D. The right-of-use assets of the Group increased by $5,994 thousand in 2019.

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

	For the year ended December 31,			
Items affecting profit or loss	2019		2018	
Interest expense on lease liabilities	($	49)	$	-
Expense on short-term lease	($	230)	$	-
Expense on lease of low-value assets	($	141)	$	-

F. The total cash outflow for the leases of the Group in 2019 amounted to $2,228 thousand.

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

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

B. The Group recognized the rental income from operating lease contracts of $8,170 thousand, of which none of the rental income was recognized as variable lease payments.

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

	December 31, 2019
At December 31, 2020	$ 7,152
At December 31, 2021	4,192
At December 31, 2022	2,914
At December 31, 2023	172
Total	$ 14,430

(11) Impairment of non-financial assets

For the years ended December 31, 2019 and 2018, the Group did not recognized gain on reversal loss of impairment loss of property, plant and equipment.

(12) Short-term borrowings

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

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

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

(13) Short-term notes and bills payable

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

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

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

(14) Notes payable and accounts payable

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

(15) Long-term borrowings

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

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- Originally expire and repay in a one-off payment in October, 2019. In July 2018, in according to a supplementary contract, the repayment will be at a minimum of 70% of the total sales price if there is a sale of property, the repayment of remaining amount will be a one off-payment in October 2020, with floating interest rate. The interest rate as of December 31, 2019 and 2018 were 2.05%.	110,000	110,000
- Lands and buildings pledged from November, 2014 and repayments made monthly with floating interest rate. Early settlement was made in January 2019. The interest rate as of December 31, 2018 was 1.82%.	-	13,881
- 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, 2019 and 2018 were 2.0497%.	711,900	711,900
Total	1,224,900	1,238,781
Less: long-term borrowings expired within an operating cycle	(1,224,900)	(516,574)
Net	$ -	$ 722,207

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

Due by	Amount
December 31, 2020	$ 513,000
December 31, 2021	-
December 31, 2022	711,900
Total	$ 1,224,900

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Analysis of the pension payment past due is as follow:

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

B. Defined contribution plan

Effective July 1, 2005, the 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, 2019 and 2018 were $1,483 thousand and $1,582 thousand respectively.

(17) Provisions

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

Analysis of provisions was as follow:

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

(18) Common Stock

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

B. Details of the Company's previous 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, 2019	2018
At January 1	$ 270,753	$ 270,753
Issuance of shares through capitalization of retained earnings	-	-
At December 31	$ 270,753	$ 270,753

C. Treasury stock

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

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

(Unit : New Taiwan dollars)

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

For the year ended December 31, 2018

(Unit : New Taiwan dollars)

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

(19) Capital surplus

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

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

(20) Retained earnings

A. Legal reserve

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

B. Special reserve

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

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

C. Distribution of retained earnings

In accordance with the Articles of Association, the current year's earnings, if any, shall be used to pay all taxes and offset prior years' operating losses, thereafter 10% 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 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 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. On June 5, 2019, the Company adopted the resolution of the 2018 earnings distribution at the annual shareholders' meeting, which proposed to distribute $2,687 thousand from legal reserve and distribution of $81,225 thousand as shareholders' dividends. In addition, on June 15, 2018, the Company adopted a resolution at annual shareholders' meeting that no distribution of earnings due to the loss for the fiscal year 2017.

E. For details of information on employee's compensation and directors and supervisors' remuneration, please refer to Note 6(25).

(21) Non-controlling interests

	For the year ended December 31,	
	2019	2018
At January 1	$ 248,736	$ 254,355
Effects of retrospective application	-	9
Balance, January 1, as restated	248,736	254,364
Share attributable to non-controlling interests:		
Loss for the year	(6,598)	(6,808)
Other comprehensive income (loss) (net)	3	(4)
Changes in ownership interests of subsidiaries	(398)	-
Other	16,702	1,184
At December 31	$ 258,445	$ 248,736

(22) Revenue

	For the year ended December 31,	
	2019	2018
Revenue from customer contracts		
Sales revenue - lands	$ -	$ 953,612
Sales revenue - buildings	2,000	251,341
	2,000	1,204,953
Rental income	8,170	7,168
Total	$ 10,170	$ 1,212,121

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

	For the year ended December 31,	
	2019	2018
Revenue recognized at a point in time	$ 2,000	$ 1,204,953

B. Contracts liabilities

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

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

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

(23) Other income

	For the year ended December 31,	
	2019	2018
Interest income:		
Interest on bank deposits	$ 3,540	$ 3,469
Other interest income	1,636	280
	5,176	3,749
Dividend income	79	631
Other income - other	3,969	8,026
Total	$ 9,224	$ 12,406

(24) Other gains and losses

	For the year ended December 31,	
	2019	2018
Net currency exchange gain	$ 948	$ 3,432
Net gain (losses) on financial assets at fair value through profit or loss	6,772	(18,469)
Loss on disposal of investment	(133)	-
Leases modification benefits	1	-
Other non-operating losses	(20)	(80)
Total	$ 7,568	($ 15,117)

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

	For the year ended December 31,					
	2019			2018		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	$ -	$ 51,014	$ 51,014	$ -	$ 53,217	$ 53,217
Depreciation	-	3,842	3,842	-	2,728	2,728

(26) Employee benefit expenses

	For the year ended December 31,	
	2019	2018
Wages and salaries – Non-director employee	$ 35,561	$ 36,557
Director's remuneration	9,600	10,057
Labor and health insurance contribution	2,759	2,800
Pension costs	1,735	1,958
Other personnel expenses	1,359	1,845
Total	$ 51,014	$ 53,217

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

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

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

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

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

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

(27) Finance costs

	For the year ended December 31,	
	2019	2018
Interest expense:		
Bank loans	$ 28,888	$ 30,803
Less: capitalization of qualifying assets	(6,198)	-
Total	$ 22,690	$ 30,803

(28) Income tax

A. Income tax expense

Components of income tax expense:

	For the year ended December 31,	
	2019	2018
Current income tax for the year:		
Land value increment tax included in current income tax for the year	$ -	$ 14,565
Current income tax for the year	-	14,565
Deferred tax:		
Relating to origination and reversal of temporary differences	1,445	33
Income tax expense	$ 1,445	$ 14,598

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

	For the year ended December 31,	
	2019	2018
Income before income tax	($ 73,849)	$ 34,664
Income tax expense at statutory rate	(14,770)	6,933
Tax effect of adjusting items		
Permanent differences	14,042	(19,995)
Loss on unrecognized deferred tax assets	2,284	18,676
Unrecognized temporary differences	(111)	(5,581)
Land value increment tax	-	14,565
Income tax expense	$ 1,445	$ 14,598

C. Deferred income tax assets and liabilities are as follows:

	For the year ended December 31, 2019			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
Deferred tax assets				
Loss carry forward	$ 1,445	($ 1,445)	$ -	$ -

	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

D. The details of unrecognized deferred tax assets were as follows:

	December 31,	
	2019	2018
Loss carry forward		
Expired in 2019	$ -	$ 10,325
Expired in 2020	145,198	146,172
Expired in 2023	8,978	8,978
Expired in 2024	21,519	21,519
Expired in 2025	34,776	34,776
Expired in 2026	14,432	14,432
Expired in 2027	9,366	9,366
Expired in 2028	19,351	19,351
Expired in 2029	1,845	-
	255,465	264,919
Deductible temporary differences		
Inventories	77,879	77,879
Allowance for doubtful accounts	3,249	3,249
Financial assets at fair value through other comprehensive income	22,685	22,708

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Prepayments	887	887
Unrealized exchange gains and losses	1,608	1,475
Net defined benefit liabilities	1,438	1,701
Provisions for liabilities	129	124
	107,875	108,023
Total	$ 363,340	$ 372,942

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

Expiry date	Unused loss carry forward
2020	$ 145,198
2023	8,978
2024	21,519
2025	34,776
2026	14,432
2027	9,366
2028	19,351
2029	1,845
Total	$ 255,465

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

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

(29) Earnings per share

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

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

Diluted earnings per share

None.

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the Company	$ 26,874	270,753	
Profit attributable to shares of the Company held by subsidiaries	-	(2,657)	
Profit attributable to the Company	$ 26,874	268,096	$ 0.1
<u>Diluted earnings per share</u>			
Loss attributable to the Company	$ 26,874	268,096	
Assumed conversion of all dilutive potential ordinary shares			
Employee's bonus	-	55	
Profit attributable to the Company	$ 26,874	268,151	$ 0.1

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

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

Diluted earnings per share

None.

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

(30) Operating lease (as of December 31, 2018)

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
Within one year	$ 5,504
Over one year but within five years	3,219
Over five years	-
	$ 8,723

(31) Changes in liabilities from financing activities

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

	January 1, 2019	Cash flow	Other non-cash	December 31, 2019
Short-term borrowings	$ -	$ 282,000	$ -	$ 282,000
Short-term notes and bills payable	319,983	(319,983)	-	-
Lease liabilities	1,354	(1,808)	5,428	4,974
Long-term borrowings	1,238,781	(13,881)	-	1,224,900
Guarantee deposits	10,097	84	-	10,181
Capital surplus	9,240	50	(149)	9,141
Treasury stock	(27,761)	32,289	(4,528)	-
Liabilities from financing activities	$ 1,551,694	($ 21,249)	$ 751	$ 1,531,196

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

(1) Name of related parties and relationship

Name	Relationship
Da Sin Investment Development Co., Ltd.	Chairman of Da Sin Investment Development Co., Ltd. is the first degree of the director of the Company.
Da Shuo Investment Co., Ltd.	Chairman of Da Shuo Investment Co., Ltd. is the first degree of kinship of the director of the Company
Wei Feng Investm ent Co., Ltd.	Chairman of Wei Feng Investment Co., Ltd. is the second degree of kinship of the director of the Company (Dissolved in November, 2018)
Lin Hsing Hsiung	Second degree of kindship of the director of the Company
Lin Wei Pang	Second degree of kindship of the director of the Company
Lin Yuan Yi	First degree of kindship of the director of the Company
Lin Heng Yi	First degree of kindship of the director of the Company
Lin Po Feng	Director of the Company
Weng Chu Chih	Director’s spouse of the Company
Lin Hui Chuan	Second degree of kindship of the director of the Company

(2) Significant related party transactions and balances:

A. Sales of goods and service

	For the year ended December 31,	
	2019	2018
Rental income		
- Other related parties	$ 34	$ 79

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,	
	2019	2018
Refundable deposit		
- Other related parties	$ 12,210	$ -
Other receipts in advance		
- Other related parties	$ 7	$ 14

(3) Key management compensation

	For the year ended December 31,	
	2019	2018
Salaries and other short–term employee benefits	$ 15,818	$ 17,515
Termination benefits	-	-
Post-employment benefits	5,253	-
Other long–term employee benefits	-	-
Share-based payment	-	-
Total	$ 21,071	$ 17,515

8. Pledged of assets

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

		Book value	
		December 31,	
Pledged assets	Purposes	2019	2018
Inventories			
Lands for sale	Performance guarantee	$ 5,505	$ 5,505
Buildings for sale	Performance guarantee	2,809	2,809
Lands held for construction	Short-term borrowings, long-term borrowings and short-term notes and bills payable	2,759,486	2,804,544
Construction in progress	Short-term borrowings, long-term borrowings and short-term notes and bills payable	108,440	96,991
Property, plant and equipment			
Lands	Short-term borrowings	36,006	36,006
Buildings	Short-term borrowings	20,545	21,727
Other equipment	Short-term borrowings	36	64
Other financial assets - current	Trust account	94,402	5,390
Total		$ 3,027,229	$ 2,973,036

9. Significant contingent liabilities and unrecognized commitments

A. As of December 31, 2019, the Group received the promissory notes from the contractors and customers amounting to $18,470 thousand.

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

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

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

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

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, 2019 and 2018 are as follows:

	December 31,	
	2019	2018
Total liabilities	$ 1,778,246	$ 1,645,253
Total assets	$ 5,149,729	$ 5,138,392
Gearing ratio	35%	32%

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 58,249	$ 69,504
Financial assets at fair value through other comprehensive income		
Designated investments in equity instruments	$ 3,769	$ 6,784
Financial assets at amortized cost		
Cash and cash equivalents	$ 132,046	$ 372,646
Notes receivable	2,465	1,646
Accounts receivables	6	11
Other receivable	39,438	4,565
Other financial assets	267,194	208,048
Refundable deposits	31,463	13,257
	$ 472,612	$ 600,173

		December 31,			
		2019		2018	
Financial liabilities					
Financial liabilities at amortized cost					
Short-term borrowings	$	282,000	$	-	
Short-term notes and bills payable		-		319,983	
Notes payable		-		1,647	
Accounts payable		20,486		20,357	
Other payable		16,549		13,186	
Long-term borrowings (including current portion)		1,224,900		1,238,781	
Guarantee deposits		10,181		10,097	
	$	1,554,116	$	1,604,051	
Lease liabilities	$	4,974		-	

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

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

The sensitivity analysis of the 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, 2019					
	Foreign currency amount	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
US$	$ 2,580	29.980	$ 77,346	5%	$ 3,867	$ -
CN￥	15	4.305	65	5%	3	-
HK$	53	3.849	204	5%	10	-
Non-monetary items						
US$	$ 564	29.980	$ 16,914	5%	$ 658	$ 188
CN￥	207	4.305	891	5%	45	-

	December 31, 2018					
	Foreign currency amount	Exchange rate	Carrying amount (NT$)	Variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
US$	$ 3,790	30.715	$ 116,397	5%	$ 5,820	$ -
CN¥	226	4.472	1,011	5%	51	-
HK$	11,058	3.921	43,358	5%	2,168	-
Non-monetary items						
US$	$ 813	30.715	$ 24,991	5%	$ 1,014	$ 235
HK$	2,568	3.921	10,069	5%	503	-

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 $15,069 thousand and $15,588 thousand for the years ended December 31, 2019 and 2018, respectively, which would be mainly resulted from the Group's borrowing with variable interest rate.

c. Other price risk

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

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, 2019 and 2018 will be increased/decreased by $5,825 thousand and 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 $377 thousand and 678 thousand, respectively, which is due to changes in the fair value of financial assets measured at fair value through other comprehensive income.

(B) Credit risk

Credit risk refers to the risk of financial loss to the 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, 2019 and 2018, the total banking facilities that have not yet utilized by the Group were $1,471,100 thousand and $1,437,719 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, 2019				
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
Non-derivative financial liabilities					
Short-term borrowings	$ 283,709	$ -	$ -	$ -	$ 283,709
Accounts payable	20,486	-	-	-	20,486
Other payables	16,549	-	-	-	16,549
Lease liabilities	2,266	2,708	-	-	4,974
Long-term borrowings (include current portion)	536,207	735,043	-	-	1,271,250
Guarantee deposits received	628	403	4,600	4,550	10,181
Total	$ 859,845	$ 738,154	$ 4,600	$ 4,550	$ 1,607,149

	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
Total	$ 382,425	$ 553,857	$ 723,277	$ 17,401	$ 1,676,960

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, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit or loss				
Listed stocks	$ 10,669	$ -	$ -	$ 10,669
Beneficiary certificates	47,580	-	-	47,580
Financial assets at fair value through other comprehensive income				
Unlisted equity investments	-	-	3,769	3,769
	$ 58,249	$ -	$ 3,769	$ 62,018

	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

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 2019 and 2018.

F. Change in level 3

	For the year ended December 31, 2019
January 1, 2019	$ 6,784
Refund of capital after capital reduction in the current period	(1,975)
Gain recognized in other comprehensive income	1,337
Other	(2,377)
December 31, 2019	$ 3,769

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, 2019	Evaluation techniques	Significant unobservable inputs	Relationship between input value and fair value
Non-derivative equity instruments:				
Venture capital stock	$ 3,769	Net assets value method	Lack of market liquidity and minority share discount	Lack of market circulation, the higher the discount, the lower the fair value

	Fair value December 31, 2018	Evaluation techniques	Significant unobservable inputs	Relationship between input value and fair value
Non-derivative equity instruments:				
Venture capital stock	$ 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, 2019			
			Recognize to profit or loss		Recognize to other comprehensive income	
	Input value	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets						
Equity instruments	Lack of market liquidity and minority share discount	10%	$ -	$ -	$ 627	$ 627

	Input value	Changes	For the year ended December 31, 2018			
			Recognize to profit or loss		Recognize to other comprehensive income	
			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 (excluding investment in subsidiaries, associates and joint ventures)	Table 1
4	Purchase or sale of the same security with the accumulated cost exceeding $300 million or 20% of paid-in capital or more	None
5	Acquisition of real estate reaching $300 million or 20% of paid-in capital or more	None
6	Disposal of real estate reaching $300 million or 20% of paid-in capital or more	None
7	Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more	None
8	Receivables from related parties reaching $100 million or 20% of paid-in capital or more	None
9	Derivative financial instruments undertaken	None
10	Significant inter-company transactions between the 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, 2019 (excluding investment in subsidiaries, associates and joint ventures) (Expressed in thousands of New Taiwan dollars)

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

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The Company	Fund	PineBridge Asia Pacific High Yield Bond Fund – B (USD)	None	Financial assets at fair value mandatory through profit or loss	10	2,785	-	2,785	-	-
The Company	Fund	PineBridge Frontier Emerging Markets High Yield Bond Fund – A (USD)	None	Financial assets at fair value mandatory through profit or loss	20	6,085	-	6,085	-	-
The Company	Fund	Prudential Financial Emerging Markets Corporate Bond Fund – A SHARE (TWD)	None	Financial assets at fair value mandatory through profit or loss	406	4,753	-	4,753	-	-
The Company	Fund	Prudential Financial US IG Corporate Bond Fund – A (TWD)	None	Financial assets at fair value mandatory through profit or loss	495	4,913	-	4,913	-	-
The Company	Fund	UPAMC Global AIoT Fund (TWD)	None	Financial assets at fair value mandatory through profit or loss	204	2,111	-	2,111	-	-
The Company	Fund	Merian Local Currency Emerging Market Debt Fund – A (USD)	None	Financial assets at fair value mandatory through profit or loss	3	2,080	-	2,080	-	-
The Company	Fund	FSITC Global Wealthy Nations Bond Fund A - TWD	None	Financial assets at fair value mandatory through profit or loss	200	2,001	-	2,001	-	-

Table 1-1

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

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

Table 2 Information on investments

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

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

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

14. Segment information

(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, 2019				
	The Company	Huachien	Dahyoung	Elimination & adjustment	Total
Total segment revenue					
Revenue from external customers	$ 3,012	$ 7,158	$ -	$ -	$ 10,170
Inter-segment revenue	57	-	-	(57)	-
Total	$ 3,069	$ 7,158	$ -	($ 57)	$ 10,170
Interest income	$ 4,652	$ 8	$ 516	$ -	$ 5,176
Interest expense	(8,052)	(14,639)	(1)	2	(22,690)
Depreciation	(2,721)	(1,148)	(28)	55	(3,842)
Share of loss of investment account for under equity method	(9,694)	-	-	9,694	-
Significant profit and loss items:					
Net gain of financial assets at fair value through profit or loss	5,901	-	871	-	6,772
Segment net income (loss)	($ 68,696)	($ 15,832)	$ 850	$ 9,829	($ 73,849)
Assets					
Long-term equity investment account for under equity method	$ 356,278	$ -	$ -	($ 356,278)	$ -
Capital expenditure – non-current assets	208	-	-	-	208
Segment assets	$ 4,169,621	$ 1,332,180	$ -	($ 352,072)	$ 5,149,729
Segment liabilities	$ 1,056,583	$ 721,698	$ -	($ 35)	$ 1,778,246

Inter-segment income, profit and loss, assets and liabilities are adjusted and eliminated.

	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.

(3) Information on segment revenue, segment net income (loss) and segment assets

A. Segment revenue

	For the year ended December 31,	
	2019	2018
Total segment revenue	$ 10,227	$ 1,212,179
Inter-segment elimination	(57)	(58)
Total revenue	$ 10,170	$ 1,212,121

B. Segment net income (loss)

	For the year ended December 31,	
	2019	2018
Segment net income	($ 83,678)	$ 24,691
Inter-segment elimination	9,829	9,973
Segment net income before income tax	($ 73,849)	$ 34,664

C. Segment assets

	December 31,	
	2019	2018
Total segment assets	$ 5,501,801	$ 5,556,133
Inter-segment elimination	(352,072)	(417,741)
Segment assets	$ 5,149,729	$ 5,138,392

(4) Information on products and services

Details of sources of income and the balances of the Group are the followings:

	For the year ended December 31,			
Revenue	2019	%	2018	%
Revenue - buildings	$ 2,000	20	$ 251,341	21
Revenue - lands	-	-	953,612	79
Rental income	8,170	80	7,168	-
Total	$ 10,170	100	$ 1,212,121	100

(5) Geographical information

	For the year ended December 31,			
	2019		2018	
Location	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 10,170	$ 155,601	$ 1,212,121	$ 139,175

(6) Major customer information

For the years ended December 31, 2019 and 2018, the Group's revenue from one single customer which exceeds 10% of total operating revenue is as the following:

	For the years ended December 31,					
Customer	2019		%	2018		%
Customer A	$	3,655	36	$	2,802	-
Customer B		2,000	20		-	-
Customer C		1,032	10		1,032	-

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, 2019 and 2018, 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, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers".

Basis for opinion

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

Independent Auditors' Report (Continued)

Key audit matters

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

Evaluation of inventories

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

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

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

Independent Auditors' Report (Continued)

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

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

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

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

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

Independent Auditors' Report (Continued)

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

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

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

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

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

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

Independent Auditors' Report (Continued)

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

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

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

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

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

Independent Auditors' Report (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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   Yao Yu Lin

Chen, Kuang-Hui   Yao, Yu-Lin

For and on behalf of ShineWing CPAs

March 27, 2020

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

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

(Continued on next page)

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

December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

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

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

Delpha Construction Co., Ltd.
Parent company only statement of comprehensive income

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

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

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

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

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

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

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

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

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

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

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

(Continued from previous page)

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

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

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

1. History and organization

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

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

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

3. Application of new standards, amendments and interpretations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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estimates are re-measured at each reporting period. Measurements are based on discounted contract and probability-weighted cash flows, risk adjustments, and the expected profit from the unearned portion of the contract (contractual service margins).

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

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

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

4. Summary of significant accounting policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(3) Foreign currency translation

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

Foreign currency transactions and balances

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

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

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

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

(4) Classification of current and non-current items

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

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

(B) Assets held mainly for trading purposes;

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

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

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

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

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

(B) Liabilities arising mainly from trading activities;

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

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

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

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

(5) Cash and cash equivalents

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

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

(A) Readily convertible to known amount of cash.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) Notes and accounts receivable

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

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

(9) Impairment of financial assets

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

(10) Derecongition of financial assets

The Company derecognizes a financial asset when:

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

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

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

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

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

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

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

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

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

(12) Inventories

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

(13) Investments accounted for under the equity method

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

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

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

(14) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

(16) Impairment of non-financial assets

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

(17) Borrowings

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

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

(18) Notes and accounts payable

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

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

(19) Provisions

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

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A) Defined contribution plans

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

(B) Defined benefit plans

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

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

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

C. Termination benefit

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

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

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

(21) Income tax

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

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

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

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

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

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

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

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

(22) Treasury stock

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

(23) Revenue recognition

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

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

(24) Operating segments

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

(25) Earnings per shares

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

(26) Dividends

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

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

Evaluation of inventories

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

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

6. Details of significant accounts

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Notes receivable and accounts receivable

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

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

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

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

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

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

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

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

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

(5) Other receivables

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

(6) Inventories

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

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

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

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

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

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

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

E. Significant information on construction projects.

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

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

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

(7) Other financial assets

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

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

(8) Investments accounted for under equity method

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

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

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

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

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

<u>Balance sheet</u>

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

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

Statement of comprehensive income

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

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

(9) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(12) Impairment of non-financial assets

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

(13) Short-term borrowings

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

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

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

(14) Short-term notes and bills payable

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

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

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

(15) Notes payable and accounts payable

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

(16) Long-term borrowings

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

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

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

Due by	Amount
December 31, 2020	$ 513,000

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

(17) Pensions

A. Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Analysis of the pension payment past due is as follow:

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

B. Defined contribution plan

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

(18) Provisions

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

Analysis of provisions was as follow:

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

(19) Common Stock

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

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

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

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

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

C. Treasury stock

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

For the year ended December 31, 2019

(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	2,066,640	(2,066,640)	$ 32,289,397	-	$ -	$ -

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

(20) Capital surplus

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

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

(21) Retained earnings

A. Legal reserve

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

B. Special reserve

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

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

C. Distribution of retained earnings

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

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

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

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

(22) Revenue

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

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

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

B. Contracts liabilities

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

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

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

(23) Other income

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

(24) Other gains and losses

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

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

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

(26) Employee benefit expenses

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

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

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

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

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

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

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

(27) Finance costs

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

(28) Income tax

A. Income tax expense

Components of income tax expense:

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

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

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

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

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

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

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

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

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

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

(29) Earnings per share

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

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

Diluted earnings per share

None.

	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

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

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

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

Diluted earnings per share

None.

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

(30) Operating leases as of December 31, 2018

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

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

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

(31) Changes in liabilities from financing activities

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

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

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

7. Related party transactions

(1) Name of related parties and relationship

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

(2) Significant related party transactions and balances:

A. Sales of goods and services

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

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

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

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

C. Property transaction

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

(3) Key management compensation

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

8. Pledged of assets

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

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

9. Significant contingent liabilities and unrecognized commitments

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

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

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

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

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

12. Others

(1) Capital risk management

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

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

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

(2) Financial instruments

A. Financial instruments by category

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

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

B. Financial risk management objectives and policies

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

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

(A) Market risk

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

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

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

a. Foreign exchange risk

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

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

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

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

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

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

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

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

b. Interest rate risk

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

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

Sensitivity analysis

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

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

c. Other price risk

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

Sensitivity analysis

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

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

(B) Credit risk

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

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

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

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

(C) Liquidity risk

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

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

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

Table of liquidity and interest rate risk

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

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

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

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

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

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

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

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

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

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

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

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

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

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

F. Changes in level 3

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

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

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

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

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

I. Sensitivity analysis of changes in significant unobservable inputs

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

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

13. Supplementary disclosures

(1) Significant transactions information:

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

(2) Information on investments: Table 2

(3) Information on investments in Mainland China: None

Table 1

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

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

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

Table 1-1

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

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

Table 2 Information on investments

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

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

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

14. Segment information

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

Delpha Construction Co., Ltd.

Statement of cash and cash equivalents

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

Note 1: Foreign currency deposits

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

Delpha Construction Co., Ltd.
Statement of financial assets at fair value through profit or loss

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

Delpha Construction Co., Ltd.

Statement of notes receivable

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

Statement of other receivables

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

Delpha Construction Co., Ltd.

Statement of inventories

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

Delpha Construction Co., Ltd

Statement of construction in progress

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

Statement of prepayments

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

Delpha Construction Co., Ltd.

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

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

Statement of changes in investments accounted for under equity method

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

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

Delpha Construction Co., Ltd.
Statement of right–of–use assets
For the year ended December 31, 2019
(Expressed in thousands of New Taiwan dollars)

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

Statement of other non-current assets
December 31, 2019
(Expressed in thousands of New Taiwan dollars)

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

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

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

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

Delpha Construction Co., Ltd.

Statement of short-term borrowings

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

Statement of accounts payable

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

Delpha Construction Co., Ltd.

Statement of other payable

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

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

Statement of lease liabilities

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

Statement of other current liabilities - other

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

Delpha Construction Co., Ltd.

Statement of non-current liabilities

December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

Statement of net revenue

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

Delpha Construction Co., Ltd

Statement of cost of revenue

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

Statement of selling expenses

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

Delpha Construction Co., Ltd

Statement of general & administrative expenses

For the Year Ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

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

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

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

Delpha Construction Co., Ltd

Statement of labor, depreciation and amortization by function

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan dollars)

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

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

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

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	2019	2018	Difference	
			Amount	%
Current assets	4,985,390	4,990,988	(5,598)	0%
Non-current assets	164,339	147,404	16,935	11%
Total assets	**5,149,729**	**5,138,392**	**11,337**	**0%**
Current liabilities	1,765,918	902,567	863,351	96%
Non-current liabilities	12,328	742,686	(730,358)	-98%
Total liabilities	**1,778,246**	**1,645,253**	**132,993**	**8%**
Capital stock	2,707,525	2,707,525	0	0%
Capital reserve	9,141	9,240	(99)	-1%
Retained earnings	400,161	560,721	(160,560)	-29%
Other equity	(3,789)	(5,322)	1,533	-29%
Treasury stock	0	(27,761)	27,761	-100%
Non-controlling equity	258,445	248,736	9,709	4%
Total equity	**3,371,483**	**3,493,139**	**(121,656)**	**-3%**

2. Financial Performance

(1) Comparative analysis table of financial performance in the past two years (consolidated reports):

Unit: NT$1,000

Item \ Year	2019	2018	Difference(Amount)	Difference (%)
Net operating income	10,170	1,212,121	(1,201,951)	-99%
Operating cost	1,905	1,014,068	(1,012,163)	-100%
Gross profit	8,265	198,053	(189,788)	-96%
Operating expense	76,216	129,875	(53,659)	-41%
Operating profit/loss	(67,951)	68,178	(136,129)	-200%
Non-operating income and expenditure	(5,898)	(33,514)	27,616	-82%
Pre-tax net profit/loss	(73,849)	34,664	(108,513)	-313%
Income tax expense	1,445	14,598	(13,153)	-90%
After-tax net profit/loss	(75,294)	20,066	(95,360)	-475%
Net profit/loss of the current period	(75,294)	20,066	(95,360)	-475%

Notes:
1. The operating income of the current period is reduced, so the gross profit and operating profit are both reduced.
2. The non-operating income and expenditure are increase, and the main reason is that the financial assets at fair value through profit or loss is increased.
3. The income tax expense of the current period is changed, and the main reason is that the land value-added tax of house ownership transfer is reduced.

(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	(189,788)	--	--	--	--
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 of the current period is reduced if compared with tha of the previous period, so the gross profit is reduced.				

3. Cash Flow

(1) Liquidity analysis for the past two years

Unit: NT$1,000

Item \ Year	2019	2018	Increase/decrease(%)
Cash flow ratio (%)	--	66.93	--
Cash adequacy ratio(%)	414.30	297.18	39%
Cash reinvestment ratio (%)	(2.39)	14.19	-117%

Analysis of changes:

Cash flow ratio: It is the cash outflow of operating activity in the current period, so it is not analyzed.

Cash adequacy ratio: The capital investment of the current period is reduced, so the ratio is increased.

Cash reinvestment ratio: The cash dividend distributed is higher than the cash flow of operating activity in the current period, so the ratio is reduced.

(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
132,046	(671,162)	1,533,975	(2,073,091)	--	2,303,972

Analysis of changes: in cash flow in 2020:

Operating activities: It is estimated that the land purchasing and new project development would result in cash outflow of the operating activity.

Financing activities: It is estimated to increase capitals by cash.

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 the Next Year:

Investment Plan for the Next Year: The Company passed the proposal of capital increase by cash for the subsidiary Huachien Development Co., Ltd. during the board meeting held on March 27, 2020. According to the original shareholding rate, it is estimated to pay the stock capital of NT$426,028,000.

The main business of Huachien is to develop the urban renewal project in Taiyuan Road Street. It is expected to be completed and delivered in March, 2027. After the capital increase is completed (in August 2020 as expected), it will repay the bank loan, which could save interest of a total of NT$97,279,000 (approximately NT$56,772,000 converted based on the Company ’s shareholding ratio).

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	2019(NT$1,000； %)
Net amount of interest income(Expenditure)	(17,514)
Net amount of exchange gain(loss)	948
Ratio of interest income(Expenditure) to net operating income	(172.21%)
Ratio of interest income(Expenditure) to pre-tax net profit/loss	23.72%
Ratio of exchange gain(loss) to net operating income	9.32%
Ratio of exchange gain(loss) to pre-tax net profit/loss	(1.28)

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.

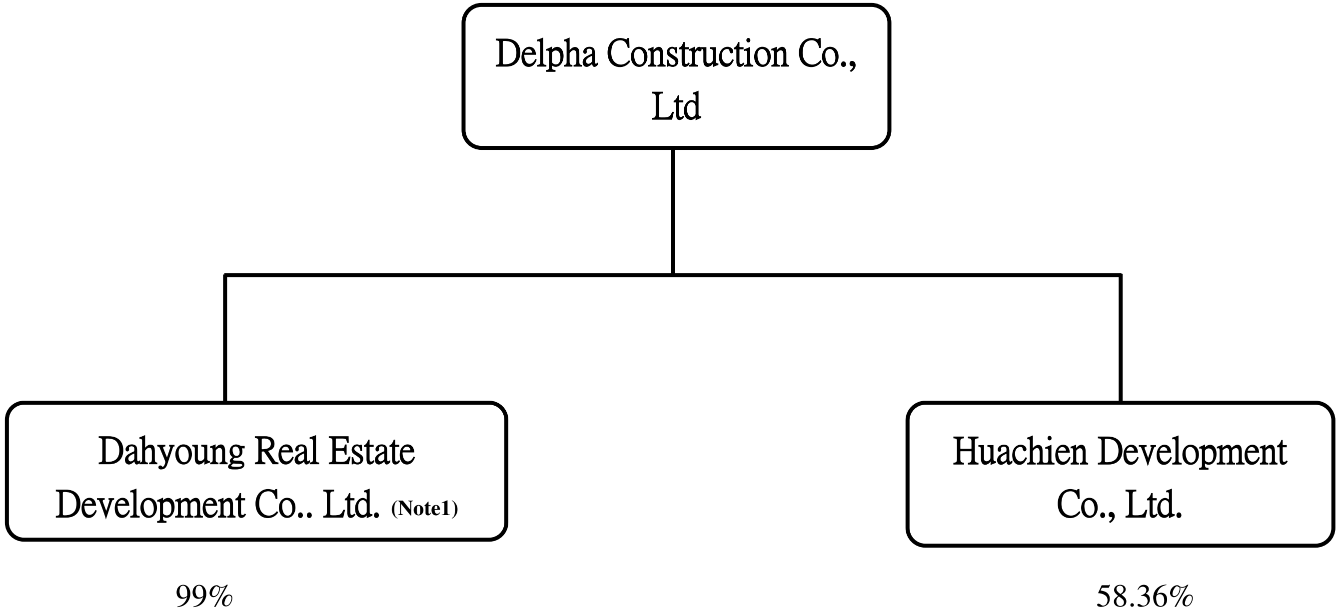
7. Other Important Matters: None

【Special Disclosures】

1. Summary of Affiliated Companies

(1) Consolidated Operation Report of the Affiliates

1. Organizational chart of affiliates



Note1：Dahyoung Real Estate Development Co.. Ltd. held an interim shareholders' meeting December 23, 2019 to set December 25, 2019 as the dissolution reference date. It is still in the process of liquidation currently.

2. Basic data of affiliates:

Unit: NT$1,000; Date: 2020/03/31

Name of company	Date of establishment	Address	Paid-in capital (NT$1,000)	Major businesses or products
Dahyoung Real Estate Development Co..Ltd. (**Note1**)	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

Note1：Dahyoung Real Estate Development Co.. Ltd. held an interim shareholders' meeting December 23, 2019 to set December 25, 2019 as the dissolution reference date.It is still in the process of liquidation currently.

●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: 2020/03/31

Name of affiliate	Title(Note 1)	Name or representative	Shareholding (Note 2)(Note 3)	
			Shares	Percent
Dahyoung Real Estate Development Co..Ltd. (Note4)	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.

4. Dahyoung Real Estate Development Co.. Ltd. held an interim shareholders' meeting December 23, 2019 to set December 25, 2019 as the dissolution reference date. It is still in the process of liquidation currently.

5. Operations of the affiliates:

Unit: NT$1,000; Date: 2019/12/31

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	4,169,621	1,056,583	3,113,038	3,069	(66,306)	(68,696)	0.25
Dahyoung Real Estate Development Co..Ltd. (Note)	39,080	39,771	63	39,708	-	(413)	(595)	(0.15)
Huachien Development Co., Ltd.	312,015	1,332,180	721,698	610,482	7,158	(1,230)	(15,832)	(0.51)

Note: Dahyoung Real Estate Development Co.. Ltd. was disclosed by the dissolution reference date, December 25, 2019.

(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: 2020/04/30

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

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Plowing Space, Care for Land

Delpha Construction Co., Ltd.

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District, Taipei City