Stock Code: 5533

Founding Construction Development Corp. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report for the Years Ended December 31, 2020 and 2019

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

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Declaration of Consolidated Financial Statements of Affiliates

The companies that are required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of parent company and its subsidiary prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of the parent company and its subsidiary. Consequently, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Company Name: Founding Construction Development Corp.

Responsible person: Liu Hsin-Hsiung

March 17, 2021

勤業眾信

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Independent Auditors' Report

To: Founding Construction Development Corp.

Audit opinion

We have audited the accompanying consolidated financial statements of Founding Construction Development Corp. and its subsidiaries (the "Founding Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Founding Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Founding Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Founding Group's consolidated financial statements for the year ended December

31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Founding Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Key Audit Matters I

The Founding Group’s assets are mainly composed of lands, properties, and buildings from the inventory, the investment property, and the property, plant and equipment with the carrying amounts of NT$8,434,322 thousand (excluding the food and beverage inventory of NT$3,137 thousand), NT$422,905 thousand, and NT$4,263,229 thousand, respectively, representing 94% of the total assets as of December 31, 2020. The inventories are buildings and land held for sale and construction in progress, while the investment properties are properties for rent and properties held by the Group. Because the situations of the domestic real estate market supply, natural disasters, government policies, and economic conditions significantly impact the values of properties, the assessment of the properties inevitably contains uncertainty, and so the risk of individual assets being improperly evaluated exists. Therefore, the subsequent valuation of the assets has been deemed as one of the key audit matters for the year. Please refer to Notes 4(6), (7), (8), (9), 5, 10, 14, and 16 of the financial statements for relevant information on the inventory, the investment property, and the property, plant and equipment.

The main audit procedures performed on the specific levels in respect of the above-mentioned key audit matter for the audit of the year are as follows:

1. We test the samples and review the appraisal materials performed by the external experts in the most recent two years (related appraisal reports, etc.), and we understand the trends of the development in the domestic real estate market to identify any potential indication of impairment in lands, properties, and buildings from the inventory, the investment property, and the property, plant and equipment.
2. Management evaluates asset impairments based on the information finished by experts; therefore, we evaluate the independence and the adequacy of the experts and we understand whether or not the assumptions and measures adopted during evaluations of the external experts are reasonable.
3. We evaluate the recoverable amounts of the lands, properties, and buildings from the inventory, the investment property, and the property, plant and equipment, and the reasonableness thereof, including whether the applied net fair values are based on the current bid prices or the latest transaction prices less sale costs, or we evaluate the reasonability of each important assumption of the value-in-use.

Key Audit Matters II

The sales of real estate are recognized after the construction projects were actually completed and handed over, and the registration of property right was finished. The appropriateness of the timing of the sales revenue recognition is material to the consolidated financial statements for the year. The sales of real estate recognized with uncompleted handover and registration of property right are expected to exist; therefore, the timing of the sales revenue recognition has been deemed as one of the key audit matters for the year. Please refer to Note 4 (12) of the financial statements for relevant information on the sales revenues.

The main audit procedures performed on the specific levels in respect of the above-mentioned key audit matter for the audit of the year are as follows:

1. We evaluate the designs of the relevant operating procedures for sales revenue recognition and the appropriateness of execution, and we select samples to test the situation of effectively ongoing operations during the year of its significant control operations.
2. For the details of the recognized real estate sales revenue for the year, we select samples and examine their corresponding evidences of the real estate handover and the registration of property right to verify the appropriateness of the classification under real estate sales revenue.

Other Matters

We have also audited the parent company only financial statements of Founding Construction Development Corp. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unqualified opinion for your reference.

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 Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 Founding 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 Founding Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Founding Group's financial reporting process.

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China 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 in the Republic of China, 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 risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control 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 Founding Group's internal control.

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Founding Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion to the Founding Group.

We communicate with those charged with governance regarding, among other matters, 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 relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Founding Group's consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche	Deloitte & Touche
LU I-CHEN, CPA	LIN YI-HUI, CPA
Financial Supervisory Commission Approval Document Ref. No. FSC Sheng-Zi 1080321204	Financial Supervisory Commission Approval Document Ref. No. FSC Sixth-Zi 0940161384

March 17, 2021

Founding Construction Development Corp. and Subsidiaries

Consolidated Balance Sheets
December 31, 2020 and 2019
Unit: NT$ thousands

Code	ASSETS	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	$ 519,169	4	$ 450,008	3
1110	Financial assets at fair value through profit or loss - current (Notes 7 and 30)	2,856	-	2,419	-
1170	Accounts receivable (Notes 9 and 24)	68,585	-	40,372	-
1220	Current tax assets (Note 26)	304	-	254	-
130X	Inventories (Notes 5, 10 and 32)	8,437,459	60	9,288,856	62
1410	Prepayments (Note 12)	80,017	1	105,382	1
1476	Other financial assets - current (Notes 13 and 32)	121,831	1	101,137	1
1479	Other current assets	6,852	-	8,849	-
11XX	Total current assets	9,237,073	66	9,997,277	67
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	10,032	-	10,032	-
1600	Property, plant and equipment (Notes 5, 14 and 32)	4,272,840	31	4,342,651	29
1755	Right-of-use assets (Note 15)	10,455	-	13,590	-
1760	Investment properties, net (Notes 5, 16 and 32)	422,905	3	580,281	4
1801	Computer software, net	1,149	-	1,194	-
1840	Deferred tax assets (Note 26)	10,386	-	12,392	-
1920	Refundable deposits	17,178	-	22,344	-
1990	Other non-current assets - others	-	-	3,330	-
15XX	Total non-current assets	4,744,945	34	4,985,814	33
1XXX	Total assets	$ 13,982,018	100	$ 14,983,091	100
Code	**LIABILITIES AND EQUITY**				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 17 and 32)	$ 2,628,410	19	$ 3,314,460	22
2110	Short-term bills payable (Notes 17 and 32)	845,910	6	531,339	4
2130	Contract liabilities - current (Notes 10 and 24)	315,817	2	616,519	4
2150	Notes payable (Note 18)	46,706	-	47,706	-
2170	Accounts payable (Note 18)	185,588	1	201,550	1
2219	Other payable (Note 19)	111,474	1	104,563	1
2230	Current tax liabilities (Note 26)	4,522	-	6,004	-
2250	Provisions - current (Note 20)	2,977	-	2,977	-
2280	Lease liabilities - current (Note 15)	2,854	-	2,909	-
2320	Current portion of long-term borrowings (Notes 17 and 32)	212,499	2	546,875	4
2399	Other current liabilities (Note 19)	50,625	1	43,949	-
21XX	Total current liabilities	4,407,382	32	5,418,851	36
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 17 and 32)	2,114,795	15	2,199,271	15
2580	Lease liabilities - non-current (Note 15)	7,760	-	10,614	-
2640	Net defined benefit liabilities (Note 21)	12,318	-	15,633	-
2645	Guarantee deposits	1,424	-	2,315	-
25XX	Total non-current liabilities	2,136,297	15	2,227,833	15
2XXX	Total liabilities	6,543,679	47	7,646,684	51
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
	Capital stock				
3110	Ordinary shares	2,852,450	20	2,852,450	19
	Capital surplus				
3210	Shares premium	20,894	-	20,894	-
3220	Treasury shares transactions	236	-	236	-
3200	Total capital surplus	21,130	-	21,130	-
	Retained earnings				
3310	Legal reserve	948,358	7	938,925	6
3320	Special reserve	966	-	966	-
3350	Unappropriated earnings	3,615,435	26	3,522,936	24
3300	Total retained earnings	4,564,759	33	4,462,827	30
31XX	Total equity attributable to owners of the company	7,438,339	53	7,336,407	49
3XXX	Total equity	7,438,339	53	7,336,407	49
	Total liabilities and equity	$ 13,982,018	100	$ 14,983,091	100

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

Chairman: Liu Hsin-Hsiung　　Manager: Liu Hua-Hsing　　Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019
Unit: NTD thousands, except for earnings per share (in NTD)

		2020		2019	
Code		Amount	%	Amount	%
	OPERATING REVENUE (Notes 4, 24, 31 and 36)				
4300	Rental revenue	$ 8,881	-	$ 12,651	1
4410	Hospitality service revenue	338,929	9	608,548	37
4500	Construction revenue	3,487,088	91	1,010,343	62
4000	Total operating revenue	3,834,898	100	1,631,542	100
	OPERATING COSTS (Notes 4, 10 and 25)				
5300	Rental costs	(6,340)	-	(5,304)	(1)
5410	Hospitality service cost	(317,808)	(8)	(425,500)	(26)
5500	Construction costs	(2,910,142)	(76)	(721,695)	(44)
5000	Total operating costs	(3,234,290)	(84)	(1,152,499)	(71)
5900	Gross Profit	600,608	16	479,043	29
6000	OPERATING EXPENSES (Note 25)	(287,190)	(8)	(308,782)	(19)
6900	Net Operating Income	313,418	8	170,261	10
	NON-OPERATING INCOME AND EXPENSES (Note 25)				
7100	Interest income	217	-	310	-
7010	Other income	16,378	-	2,483	-
7020	Other gains and losses	(15,547)	-	9,729	1
7050	Finance costs	(41,611)	(1)	(67,635)	(4)
7000	Total non-operating income and expenses	(40,563)	(1)	(55,113)	(3)

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Code		2020 Amount	2020 %	2019 Amount	2019 %
7900	Net income before tax	$ 272,855	7	$ 115,148	7
7950	Income tax expense (Notes 4 and 26)	(30,097)	(1)	(20,810)	(1)
8200	NET PROFIT/(LOSS) FOR THE YEAR	242,758	6	94,338	6
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	2,246	-	862	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(449)	-	(173)	-
8300	Other comprehensive income for the year, net of income tax	1,797	-	689	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 244,555	6	$ 95,027	6
	EARNINGS PER SHARE (Note 27)				
	From continuing operations				
9710	Basic	$ 0.85		$ 0.33	
9810	Diluted	$ 0.85		$ 0.33	

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

Chairman: Liu Hsin- Hsiung   Manager: Liu Hua-Hsing   Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp. and Subsidiaries

Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
Unit: NT$ thousands

		EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY							
		Share capital		Capital surplus		Retained earnings			
Code		Shares (In Thousands)	Ordinary share	Shares premium	Treasury shares transactions	Legal reserve	Special reserve	Unappropriated earnings	Total equity
A1	Balance as of January 1, 2019	285,245	$ 2,852,450	$ 20,894	$ 236	$ 915,510	$ 966	$ 3,650,996	$ 7,441,052
	Appropriation and distribution of retained earnings for 2018								
B1	Legal reserve	-	-	-	-	23,415	-	(23,415)	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(199,672)	(199,672)
D1	Consolidated net income for 2019	-	-	-	-	-	-	94,338	94,338
D3	AFTER-TAX OTHER COMPREHENSIVE INCOME for 2019	-	-	-	-	-	-	689	689
D5	Total comprehensive income in 2019	-	-	-	-	-	-	95,027	95,027
Z1	Balance, December 31, 2019	285,245	2,852,450	20,894	236	938,925	966	3,522,936	7,336,407
	Appropriation of earnings for 2019								
B1	Legal reserve	-	-	-	-	9,433	-	(9,433)	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(142,623)	(142,623)
D1	Net income for 2020	-	-	-	-	-	-	242,758	242,758
D3	AFTER-TAX OTHER COMPREHENSIVE INCOME for 2020	-	-	-	-	-	-	1,797	1,797
D5	Total comprehensive income in 2020	-	-	-	-	-	-	244,555	244,555
Z1	Balance as of December 31, 2020	285,245	$ 2,852,450	$ 20,894	$ 236	$ 948,358	$ 966	$ 3,615,435	$ 7,438,339

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

Chairman: Liu Hsin-Hsiung　　Manager: Liu Hua-Hsing　　Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp. and Subsidiaries

Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
Unit: NTD thousands

Code		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax for the year	$ 272,855	$ 115,148
A20010	Adjustments for:		
A20100	Depreciation expenses	88,486	88,349
A20200	Amortization expenses	595	933
A20400	Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(436)	(9,756)
A20900	Finance costs	41,611	67,635
A21200	Interest income	(217)	(310)
A21300	Dividend income	(163)	(1,491)
A22500	Gain (loss) on disposal of property, plant and equipment	(286)	5
A23100	Net gain on disposal of financial assets	(392)	(1,497)
A23700	Loss on write-downs of inventories	13,959	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	-	29,217
A31150	Accounts receivable	(28,213)	8,697
A31200	Inventories	991,257	(340,283)
A31230	Prepayments	33,658	84,786
A31240	Other current assets	1,997	(2,254)
A31250	Other financial assets	(20,694)	(68,158)
A32125	Contract liabilities – current	(300,702)	179,700
A32130	Notes payable	(1,000)	13,273
A32150	Accounts payable	(15,962)	(8,942)
A32180	Other payable	9,713	776
A32230	Other current liabilities	6,676	(17,177)
A32240	Net defined benefit liabilities - non-current	(1,069)	75
A33000	Cash generated from/(used in) operations	1,091,673	138,726
A33500	Income taxes paid	(30,072)	(34,891)
AAAA	Net cash generated from operating activities	1,061,601	103,835

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Code		2020	2019
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00100	Acquisition of financial assets at fair value through profit or loss	($ 10,068)	($ 5,045)
B00200	Disposal of financial assets at fair value through profit or loss	10,459	77,237
B02700	Acquisitions of property, plant and equipment	(5,600)	(10,963)
B02800	Proceeds from disposal of property, plant and equipment	286	-
B03700	Decrease (Increase) in refundable deposits	5,124	(5,925)
B04500	Acquisition of intangible assets	(550)	(151)
B05400	Acquisition of investment properties	(11,076)	(115,808)
B06700	Increase in other non-current assets	-	(3,220)
B07500	Interest received	217	310
B07600	Dividends received from others	163	1,491
BBBB	Net cash used in investing activities	(11,045)	(62,074)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	1,044,860	879,516
C00200	Decrease in short-term borrowings	(1,730,910)	(629,277)
C00500	Increase in short-term notes and bills payable	314,571	431,449
C01600	Proceeds from long-term borrowings	227,000	-
C01700	Repayments of long-term borrowings	(645,852)	(498,196)
C03000	Increase (Decrease) in guarantee deposits received	(891)	268
C04020	Payments of lease liabilities	(2,909)	(3,188)
C04500	Dividends distributed to owners of the Company	(142,623)	(199,672)
C05600	Interest paid	(44,641)	(68,107)
CCCC	Net cash used in financing activities	(981,395)	(87,207)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	69,161	(45,446)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	450,008	495,454
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 519,169	$ 450,008

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

Chairman: Liu Hsin-Hsiung Manager: Liu Hua-Hsing Accounting Officer: Cheng Yen-Fen

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

1. Company History

Founding Construction Development Corp. ("Founding Co." or "the Company") was incorporated in Taipei City in April 1991, mainly engaged in appointments and management of contractors to build public housing developments and commercial buildings for leasing and selling, trading of construction materials and machines, designs and constructions of interior decoration, etc.

The Company’s shares were listed on the Taiwan Stock Exchange (TWSE) in April, 2008.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. Date and Procedures of Authorization of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 17, 2021.

3. Application of New and Amended Standards and Interpretations

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Unless below stated, the initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have a significant effect on the consolidated company's accounting policies:

Amendments to IAS 1 and IAS 8 "Definition of Material"

On January 1, 2020, the consolidated company applied the amendment as the threshold for materiality has been changed to ‘could reasonably be expected to influence’. It also adjusted disclosures of the consolidated financial statements, and it deleted immaterial information which could obscure material information.

b. Amendments to the IFRSs endorsed by the FSC with effective date starting 2021

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 4, “Extension of the Temporary Exemption from Applying IFRS 9”	Effective on the issued date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 – “Interest Rate Benchmark Reform – Phase 2”	Effective for annual reporting periods beginning on or after January 1, 2021
Amendment to IFRS 16, “Covid-19-Related Rent Concessions”	Effective for annual reporting periods beginning on or after June 1, 2020

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendment to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the aforementioned New, Revised or Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: Amendment to IFRS 9 is effective to exchanges of a financial liability or modifications of terms incurred during the annual periods beginning on or after January 1, 2022. Amendment to IAS 41 "Agriculture" is effective to fair value measurements for annual periods beginning on or after January 1, 2022. Amendment to IFRS 1 "First-time Adoption of IFRS" is retrospectively effective for annual periods beginning on or after January 1, 2022.

Note 3: The Company shall apply this amendment to business combinations for which the acquisition date is beginning on or after January 1, 2022.

Note 4: The Company shall apply this amendment to the property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendment shall be applied to contracts for which the Company has not yet fulfilled all its obligations on or after January 1, 2022.

Note 6: The Company shall apply this amendment prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: This amendment is effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period.

1) Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendment clarifies whether or not a liability to be classified as non-current, the consolidated company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the consolidated company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the consolidated company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendment stipulates that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the consolidated company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the consolidated company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

2) Amendment to IAS 1 "Disclosure of Accounting Policies"

This amendment prescribes that the consolidated company shall apply the concept of materiality in making decisions about the disclosure of accounting policy information. Accounting policy information is material if, when considered together with other information included in the consolidated company's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

a) Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed by the consolidated company.

b) The consolidated company's accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.

c) Not all accounting policy information relating to material transactions, other events or conditions is itself material.

Moreover, this amendment gives examples to explain that it is likely to consider accounting policy information material to the financial statements if that information relates to material transactions, other events or conditions and the accounting policy:

a) Has changed during the reporting period by the consolidated company, and this change results in a material change on information of the financial statements;

b) Was chosen properly by the consolidated company from alternatives permitted by IFRS;

c) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;

d) Relates to an area for which the disclosure of the consolidated company is required to make significant judgments and assumptions; or

e) Involves complex accounting treatment, and users of the consolidated company's financial statements would otherwise not understand the relating transactions, other events or conditions.

3) Amendment to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". The accounting policy applicable to the consolidated company may require items in financial statements to be measured at monetary amounts that cannot be observed directly and must instead be estimated. Therefore, an input or a measurement technique has to be used to develop an accounting estimate to achieve this goal. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Besides the above-mentioned impact, as of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the amendment of the other standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. Summary of Significant Accounting Policies

a. Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed and issued into effect by FSC.

b. Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the related inputs are observable and based on the significance of the related inputs, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Standards for Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

1. Assets held for trading purposes,
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents, excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1. Obligations incurred for trading purposes,
2. Obligations expected to be settled within 12 months from the balance sheet date; and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not listed above are classified as non-current.
The consolidated company is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the construction-related assets and liabilities.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). Operating income(loss) of subsidiaries acquired or disposed of during the period are included in the consolidated statements of other comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the consolidated company. When preparing the consolidated financial statements, all intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries 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.

Changes in the consolidated company's ownership interests in subsidiaries that do not result in the consolidated company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the consolidated company and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or collected is directly recognized in equity and attributed to the owners of the Company.

Refer to Note 11 and Table 6 for detailed information on subsidiaries, including percentages of ownership and main businesses.

e. Foreign Currency

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated at the rates prevailing on each date of balance sheets. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

f. Inventories

Inventories comprise properties under construction and properties held for sale. Properties under construction and properties held for sale are initially recorded at acquisition cost. Costs of properties under construction include costs of construction land of unfinished construction, construction costs and related borrowing costs. Upon completion of construction, the costs of the portion sold are then recognized as operating costs for the proportion of the selling price when revenue is recognized for the sales of real estate.

Properties held for sale are stated at the lower of cost or net realizable value. Comparing costs with net realizable value is based on individual item.

<u>Food and beverage inventory</u>

Inventories are raw materials. Inventory is stated at the lower of cost or net realizable value. Comparing costs with net realizable value is based on individual item. The cost of inventory is computed using the weighted average cost method.

Net realizable value represents the estimated selling price of inventories less the estimated cost of completion and the estimated cost necessary to make the sale.

g. Property, Plant and Equipment

Property, plant and equipment are recognized at cost, and then measured at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified to the appropriate categories of property, plant and equipment and subject to depreciation when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is separately calculated using the straight-line method over the useful life of each significant part. The consolidated company at least reviews the estimated useful lives, residual values and depreciation method at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Upon disposal of property, plant and equipment, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment property is properties held to earn rental and/or for capital appreciation, including properties that are under construction for the above stated purposes. Investment property also includes land held for future use that is currently undetermined.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of investment properties is recognized using the straight-line method.

Investment property is recognized as inventories at its carrying amount at the date when it is ready for sale.

Property recorded as inventory is recognized as investment property at its carrying amount when it was rented under an operating lease.

Upon disposal of investment properties, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of Property, Plant and Equipment and Right-of-use Assets

On each balance sheet date, the consolidated company assesses whether there is any indication that the property, plant and equipment and right-of-use assets might have suffered an impairment loss. If any such indication exists, the consolidated company estimates the recoverable amount of the asset. When it is not possible to estimate the recoverable amount of an individual asset, the consolidated company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

An impairment loss on inventories and property, plant and equipment related to the contracts with customers shall be recognized in accordance with the applicable standards of inventory impairment and the above-mentioned principles. Then, the impairment loss is recognized to the extent that the carrying amount of the assets related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the direct costs related to providing those goods or services. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount, less any amount of amortization or depreciation, that would have been determined had no impairment loss been recognized on the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial Instruments

Financial assets and liabilities shall be recognized in the consolidated balance sheet when the consolidated company becomes a party to the contractual provisions of the instruments.

While financial assets and liabilities are initially recognized, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of those financial assets and financial liabilities that are not measured at fair value through profit or loss. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial Assets

Regular way transactions of financial assets are recognized and derecognized on a settlement date basis.

a) Category of measurement

Financial assets held by the consolidated company are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial asset at FVTPL

Financial asset at FVTPL includes the financial assets mandatorily required to measure at FVTPL. Financial assets mandatorily required to measure at FVTPL include investments in equity instruments that are not designated as FVTOCI, and investments in debt instruments that do not meet the criteria of amortized cost or FVTOCI.

Financial asset at FVTPL is measured at fair value, and any dividends or interests from such financial assets are recognized in other revenues. Any remeasurement gain or loss on such financial assets is recognized in other gain or loss. Fair value is determined in the manner described in Note 30.

ii. Financial asset measured at amortized cost

The consolidated company's investments in financial assets that meet the following two conditions are subsequently measured at amortized cost:

(a) Within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, notes receivable measured at amortized cost, accounts receivable, other financial assets, and refundable deposits, are equals to the carrying amount determined by the effective interest method less any impairment loss. Any foreign exchange gain/loss is recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

(a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

(b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial restructuring, or disappearance of an active market for the financial assets due to financial difficulties.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the consolidated company may make an irrevocable election to designate investments in equity instruments as at FVTOCI if the equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are measured at fair value and subsequently measured at fair value with gain or loss arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the consolidated company’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

On each date of balance sheets, the consolidated company evaluates a loss allowance for financial assets at amortized cost (including notes receivable and accounts receivable) based on expected credit loss.

The loss allowances for notes receivable and accounts receivable are recognized at an amount equal to lifetime expected credit losses. Other financial assets are first evaluated whether or not the credit risk has increased significantly since initial recognition. If it has not increased significantly, a loss allowance is recognized at an amount equal to expected credit loss within 12 months. If it has increased significantly, a loss allowance is recognized at an amount equal to expected credit loss over the expected life.

Expected credit losses are the weighted average credit losses resulting from a risk of default events as the weight. Expected credit losses within 12 months represent the expected credit losses resulting from possible default events of a financial instrument within 12 months after the reporting date. Expected credit losses over the expected life represent the expected credit losses resulting from all possible default events of a financial instrument over the expected life.

An impairment loss of all financial assets is recognized with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce its carrying amount.

c) Derecognition of financial assets

The consolidated company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset are extinguished, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial Liabilities

a) Subsequent measurement

All financial liabilities are subsequently measured at amortized cost using effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including liabilities of any transferred non-cash asset or afforded liabilities, is recognized in profit or loss.

k. Provisions

Provisions are measured at the best estimate of the expenditures required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the discounted cash flows of the consideration required to settle the present obligation.

l. Revenue Recognition

The consolidated company identifies performance obligations in customer contracts, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from sale of goods comes from the sales of real estate. The consolidated company recognizes the revenue when the customer has the right to set the price and use of the commodities respectively and is mainly responsible for resale once the property is handed over, and the registration of property right is finished.

2) Guest-room revenue and food and beverage revenue

Guest-room revenue and food and beverage revenue are recognized upon the actual service delivery.

Guest-room revenue and food and beverage revenue are measured at the fair value of the transaction price negotiated between the consolidated company and the buyer in consideration of commercial and volume discounts. However, receivables from sales of goods maturing within one year or less may not be valued at fair value according to the imputed interest rate when the discrepancy between their fair value and their value at maturity is small and transactions of sales occur frequently.

3) Revenue from lease

Revenue from lease is recognized when a property is actually used in lease, provided that it is probable the economic benefits will flow to the consolidated company and the amount of revenue can be measured reliably.

m. Leases

At the inception of a contract, the consolidated company assesses whether the contract is, or contains, a lease.

1) The consolidated company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

After lease-related incentives are deducted, the rental income from operating lease is recognized on a straight-line basis over the term of the lease. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight line basis over the lease term.

Rental changes in lease agreements that do not depend on indices or rates are recognized income in the period in which they are incurred.

When a lease includes both land and building elements, the consolidated company assesses the classification of each element separately as a financial or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. If the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements meet the standards of operating leases; in which case, the entire lease is classified as an operating lease.

2) The consolidated company as lessee

The consolidated company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are measured initially at cost, which comprises the initial measurement of lease liabilities. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of remeasurement. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the consolidated company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense allocated over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the consolidated company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line item in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

n. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government Subsidies

Government grants are not recognized until there is reasonable assurance that the consolidated company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the consolidated company recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated company with no future related costs are recognized in profit or loss in the period in which they become receivable.

p. Employee Benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2) Post-retirement benefits

Payments of defined contribution retirement benefit plans are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service costs, net interest and remeasurements) under the defined benefit retirement plans are determined using the Projected Unit Credit Method. Service costs (including current service costs), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, including actuarial gain or loss and the return on plan assets (less interest), is recognized in other comprehensive income and other equity in the period in which they occur, and will not be subsequently reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company’s defined benefit retirement plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

1) Current income tax

According to the Income Tax Law of the ROC, an additional income tax on unappropriated earnings was surcharged in the year approved by the shareholders' meeting.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

2) Deferred income tax

Deferred income tax is calculated on temporary differences between the carrying amounts of the recorded assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognized as it is very likely that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the consolidated company is able to control the timing of the reversal of the temporary difference and it is very likely that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment and equity are only recognized to the extent that it is very likely that there will be sufficient taxable profit against which to utilize the benefit of the temporary differences that are expected to reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed on each date of balance sheets and it is reduced to the extent that it is no longer very likely that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets not originally recognized are also reviewed on each date of balance sheets, and their carrying amount is increased to the extent that it is very likely that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, and this tax rates is based on the tax rates and tax laws that have been enacted or substantively enacted on the date of balance sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated company expects to recover or settle the carrying amount of its assets and liabilities on the date of balance sheet.

3) Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, unless when they relate to items that are recognized in other comprehensive income or directly recorded in equity, the current and deferred income tax are separately recognized in other comprehensive income or directly recorded in equity.

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

In the application of the consolidated company's accounting policies, the management is required to make judgments, estimates and assumptions based on historical experience and other relevant factors for the items that are not readily apparent from other sources. Actual results may differ from these estimates.

The consolidated company takes into account the economic impact of the COVID-19 outbreak in its critical accounting judgments and the management will consistently review the estimations and underlying assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Key Sources of Estimation and Assumption Uncertainty

Impairment loss of land, property, and building of inventory, investment properties, and property, plant and equipment

Land, property, and building of inventory, investment properties, and property, plant and equipment are stated at the lower of cost or net realizable value so the Company must use judgments and estimates to determine their net realizable value at the end of each reporting period. This valuation is subject to significant changes because its estimation basis is the future product demand within a specific time horizon.

Please refer to Notes 10, 14, and 16 for the carrying amounts of land, property, and building of inventory, investment properties, and property, plant and equipment as of December 31, 2020 and 2019.

6. Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand and working capital	$ 4,100	$ 7,101
Bank demand deposits	515,069	442,907
	$ 519,169	$ 450,008

7. Financial Instruments at Fair Value Through Profit or Loss

	December 31, 2020	December 31, 2019
Financial assets - current		
Financial assets mandatorily measured at FVTPL		
Fund beneficiary certificates	$ 2,856	$ 2,419

8. Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Non-current		
Investments in equity instruments		
Unlisted stocks	$ 10,032	$ 10,032

9. Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable		
from Operating businesses	$ 68,585	$ 40,372
Less: Allowance for Bad Debts	-	-
	$ 68,585	$ 40,372

Accounts receivable

The payment terms granted by the consolidated company for their customers are generally 60 days. When determining the collectability of accounts receivable, the consolidated company takes any change of credit quality from the invoice date of account receivables to the balance sheet date into consideration. Because past experiences show that overdue accounts receivable for over one year are unable to be recovered, the consolidated company recognizes 100% of the accounts receivable overdue for over one year as allowance for bad debts. The accounts receivable overdue between 181 days and one year shall be estimated as the uncollectible amounts by referring to the previous payment delay records of the counterparty and analyzing its finance condition.

The consolidated company writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. The consolidated company continues to engage in recourse activity to attempt to recover the receivables due. Recoveries made from such activities are recognized in profit or loss.

The consolidated company's loss allowances for accounts receivable based on the provision matrix are as follows:

December 31, 2020

	Not past due - 180 days	181 - 365 days	Over one year	Total
Expected credit loss rate	-	-	100%	-
Total carrying amount	$ 68,585	$ -	$ -	$ 68,585
Allowance for loss (lifetime expected credit losses)	-	-	-	-
Costs after amortization	$ 68,585	$ -	$ -	$ 68,585

December 31, 2019

	Not past due - 180 days	181 - 365 days	Over one year	Total
Expected credit loss rate	-	-	100%	-
Total carrying amount	$ 40,372	$ -	$ -	$ 40,372
Allowance for loss (lifetime expected credit losses)	-	-	-	-
Costs after amortization	$ 40,372	$ -	$ -	$ 40,372

No accounts receivable are pledged by the consolidated company as collateral for borrowings.

10. Inventory

a. Details of inventories are as follows:

	December 31, 2020	December 31, 2019
Buildings and land held for sale	$ 2,308,767	$ 2,164,565
Construction in progress	6,125,555	7,118,810
Food and beverage inventory	3,137	5,481
	$ 8,437,459	$ 9,288,856

For the years ended December 31, 2020 and 2019, the cost of goods sold related to construction inventory amounted to $2,910,142 thousand and $721,695 thousand, respectively, and the cost of goods sold related to food and beverage inventory amounted to $317,808 thousand and $425,500 thousand, respectively.

Cost of goods sold containing losses on inventory valuation amounted to $13,959 thousand and $0 thousand, respectively, was recognized for the years ended December 31, 2020 and 2019.

As of December 31, 2020 and 2019, inventories of $6,125,555 thousand and $7,118,810 thousand, respectively, are expected to be recovered after more than 12 months.

Please refer to Note 32 for information about the amount of inventories pledged by the consolidated company as collateral for borrowings.

b. Buildings and land held for sale and contract liability – current

	December 31, 2020	December 31, 2019
Land of Founding Glion	$ 10,814	$ 43,953
Property of Founding Glion	38,221	155,355
Land of Cosmos Technology	139,497	202,739
Property of Cosmos Technology	213,953	315,172
Land of Universal Technology	95,462	147,598
Property of Universal Technology	115,250	178,195
Land of Nan Ke Ming Men	47,319	71,546
Property of Nan Ke Ming Men	94,197	145,170
Land of Zhong Lu Sec.	56,446	73,907
Property of Zhong Lu Sec.	10,420	15,190
Land of Fu Gui Ming Di	107,902	147,297
Property of Fu Gui Ming Di	171,834	215,848
Land of Bao An Sec.	10,494	24,453
Land of Asia Pacific Technology Park	338,811	-
Property of Asia Pacific Technology Park	644,302	-
Land of Sun Technology Plaza	135,483	-
Property of Sun Technology Plaza	78,362	-
Land of Li Garden	-	82,284
Property of Li Garden	-	77,641
Land of Royal Condominium	-	6,394
Property of Royal Condominium	-	13,815
Land of Di Hua Sec.	-	111,947
Property of Di Hua Sec.	-	136,061
	$ 2,308,767	$ 2,164,565

	December 31, 2020	December 31, 2019
Contract liability of Founding Glion – current	$ 5,681	$ 5,005
Contract liability of Universal Technology – current	53,357	-
Contract liability of Fu Gui Ming Di – current	19,636	2,443
Contract liability of Sun Technology Plaza – current	109,953	-
Contract liability of Nan Ke Ming Men – current	-	7,882
Contract liability of Li Garden – current	-	4,863
Contract liability of Di Hua Sec. – current	-	96,522
	$ 188,627	$ 116,715

c. Construction in progress and contract liability – current

December 31, 2020				
Construction Project	Construction in Progress - Land	Construction in Progress - Project	Total	Contract liabilities - current
Fu-Yi Tainan NO.2 (originally Li Ren Sec.)	$ 104,495	$ 8,733	$ 113,228	$ -
Wen De Sec.	21,124	-	21,124	-
Jian Kang Sec.	7,072	-	7,072	-
Founding Yi Pin (originally Yu Cheng Sec.)	1,251,258	336,580	1,587,838	127,190
United Tech	834,111	820,911	1,655,022	-
Bei Shan Sec.	15,205	-	15,205	-
Asia Pacific Technology Park (originally Bao An Sec.)	482,670	54,490	537,160	-
Star Technology (originally Tam Mei Sec.)	328,897	46,226	375,123	-
Yi Min Sec.	1,496	-	1,496	-
Ren Ai Sec.	4,430	-	4,430	-
Hua Xing Sec.	9,888	-	9,888	-
Ai Lan Sec.	520	-	520	-
Xin Feng Sec.	-	745	745	-
Hou De Sec.	-	183	183	-
Founding Li Garden (originally Wu Gu Wang Sec.)	662,901	158,344	821,245	-
Founding Fu Yi	417,828	238,720	656,548	-
Fu Xing Sec.	476	-	476	-
Chang Chun Sec.	143	-	143	-
Xing An Sec.	318,109	-	318,109	-
	$ 4,460,623	$ 1,664,932	$ 6,125,555	$ 127,190

December 31, 2019				
Construction Project	Construction in Progress - Land	Construction in Progress - Project	Total	Contract liabilities - current
Fu-Yi Tainan NO.2 (originally Li Ren Sec.)	$ 104,151	$ 7,522	$ 111,673	$ -
Wen De Sec.	21,109	-	21,109	-
Jian Kang Sec.	7,072	-	7,072	-
Founding Yi Pin (originally Yu Cheng Sec.)	821,499	196,182	1,017,681	62,876
United Tech	834,111	300,141	1,134,252	-
Bei Shan Sec.	15,205	-	15,205	-
Asia Pacific Technology Park (originally Bao An Sec.)	2,067,175	1,042,907	3,110,082	436,928
Star Technology (originally Tam Mei Sec.)	328,784	5,453	334,237	-
Yi Min Sec.	1,496	-	1,496	-
Ren Ai Sec.	4,430	-	4,430	-
Hua Xing Sec.	9,888	-	9,888	-
Ai Lan Sec.	520	-	520	-
Xin Feng Sec.	-	745	745	-
Hou De Sec.	-	183	183	-
Founding Li Garden (originally Wu Gu Wang Sec.)	662,901	101,068	763,969	-
Founding Fu Yi	417,828	167,964	585,792	-
Fu Xing Sec.	476	-	476	-
	$ 5,296,645	$ 1,822,165	$ 7,118,810	$ 499,804

Information on the capitalization of interest is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Total amount of interest expense	$ 111,541	$ 126,165
Current capitalized construction interest	$ 69,930	$ 58,530
Capitalization interest rate	1.59% ~ 1.90%	1.88% ~ 2.10%
Year-end accumulated amount of capitalized construction interest	$ 100,978	$ 79,745

d. Food and beverage inventory

	December 31, 2020	December 31, 2019
Raw materials	$ 3,137	$ 5,481

11. Subsidiaries

a. Subsidiaries included in the consolidated financial statements

The entities of the consolidated financial statements are as follows:

			Percentage of Ownership and Voting Rights		
Name of Investor Company	Name of Subsidiary	Business Nature	December 31, 2020	December 31, 2019	Remark
Founding Co.	Chien-Chiao Construction Co., Ltd. (the " Chien-Chiao Co.")	Operations and investments of undertaken civil construction, building works, and related businesses as main businesses	100%	100%	(1)
Founding Co.	FUSHIN Hotel Co., Ltd. (the "FUSHIN Hotel Co.")	Businesses in hospitality, catering and restaurant, and general hotel as main businesses	94.375%	94.375%	(1)
Founding Co.	Hsin-Long-Hsing Construction Co., Ltd. (the " Hsin-Long-Hsing Co.")	Development, leasing, and selling of residential houses and buildings, and development of exclusively designated areas as main businesses	100%	100%	(2)
Chien-Chiao Co.	FUSHIN Hotel Co., Ltd. (the "FUSHIN Hotel Co.")	Businesses in hospitality, catering and restaurant, and general hotel as main businesses	5.625%	5.625%	(1)

Remarks: (1) Its financial statements are audited by certified public accountants
(2) Hsin-Long-Hsing Construction Co., Ltd. (the " Hsin-Long-Hsing Co.") was incorporated on September 5, 2016 and was wholly owned by Founding Co.

b. Subsidiary not included in the consolidated financial statements: None.

12. Prepayments

	December 31, 2020	December 31, 2019
Current		
Prepayment on decoration of model house	$ 7,597	$ 24,012
Tax overpaid retained for offsetting the future tax payable	46,508	57,690
Prepayment for purchases	14,912	11,828
Others	11,000	11,852
	$ 80,017	$ 105,382

13. Other financial assets—current

	December 31, 2020	December 31, 2019
Restricted assets (Note 32)	$ 96,331	$ 87,637
Security deposit of landlord	25,500	13,500
	$ 121,831	$ 101,137

14. Property, Plant and Equipment

	Land	Buildings and Property	Transportation Equipment	Office Equipment	Operating Equipment	Construction and Other Equipment	Total
Cost							
Balance as of January 1, 2019	$1,556,849	$3,199,406	$ 29,140	$ 3,888	$ 34,929	$ 12,220	$4,836,432
Addition	-	5,424	-	-	4,168	1,371	
Disposal	-	-	-	-	(23,589)	(3,385)	(26,974)
Reclassifications	-	2,900	-	-	253	(3,153)	-
Balance as of December 31, 2019	$1,556,849	$ 3,207,730	$ 29,140	$ 3,888	$ 15,761	$ 7,053	$4,820,421
Accumulated depreciation and impairment							
Balance as of January 1, 2019	$ -	$ 352,361	$ 26,065	$ 3,888	$ 33,225	$ 9,333	$ 424,872
Depreciation expenses	-	75,699	2,312	-	1,081	775	79,867
Disposal	-	-	-	-	(23,584)	(3,385)	(26,969)
Reclassifications	-	1,993	-	-	199	(2,192)	-
Balance as of December 31, 2019	$ -	$ 430,053	$ 28,377	$ 3,888	$ 10,921	$ 4,531	$ 477,770
Net carrying amount as of December 31, 2019	$1,556,849	$2,777,677	$ 763	$ -	$ 4,840	$ 2,522	$4,342,651
Cost							
Balance as of January 1, 2020	$1,556,849	$3,207,730	$ 29,140	$ 3,888	$ 15,761	$ 7,053	$4,820,421
Addition	-	4,704	-	-	290	4,164	9,158
Disposal	-	-	(4,650)	-	(60)	-	(4,710)
Balance as of December 31, 2020	$1,556,849	$3,212,434	$ 24,490	$ 3,888	$ 15,991	$ 11,217	$4,824,869
Accumulated depreciation and impairment							
Balance as of January 1, 2020	$ -	$ 430,053	$ 28,377	$ 3,888	$ 10,921	$ 4,531	$ 477,770
Depreciation expenses	-	76,001	619	-	1,200	1,149	78,969
Disposal	-	-	(4,650)	-	(60)	-	(4,710)
Balance as of December 31, 2020	$ -	$ 506,054	$ 24,346	$ 3,888	$ 12,061	$ 5,680	$ 552,029
Net carrying amount as of December 31, 2020	$1,556,849	$2,706,380	$ 144	$ -	$ 3,930	$ 5,537	$4,272,840

Property, plant and equipment of the consolidated company are depreciated by straight-light method using the estimated useful lives as follows:

Buildings and Property	
Main property	3 to 50 years
Decoration and partitioning project	11 years
Transportation Equipment	5 to 6 years
Office Equipment	
Computer peripherals and communication equipment	1 to 6 years
Others	4 to 6 years
Operating Equipment	
Cutlery and utensils of hotels	1 to 7 years
Bedroom supplies and electrical appliances of hotels	1 to 5 years
Construction and Other Equipment	
Construction equipment	6 years
Monitoring and security equipment	6 years
Others	1 to 6 years

Please refer to Note 32 for information about the amount of property, plant and equipment pledged by the consolidated company as collateral for borrowings.

15. Lease Arrangements

a. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Buildings	$ 10,455	$ 13,590

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Depreciation expense of right-of-use assets		
Buildings	$ 3,177	$ 3,178

b. Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amount of lease liabilities		
Current	$ 2,854	$ 2,909
Non-current	$ 7,760	$ 10,614

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2020	December 31, 2019
Buildings	1.80% ~ 2.20%	1.80% ~ 2.20%

c. Major lease activities and terms

The consolidated company leases several buildings for office use with lease terms of 2.5 to 4.75 years. The consolidated company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 885	$ 866
Expenses relating to low-value asset leases	$ 1,238	$ 1,280
Total cash (outflow) for leases	($ 5,289)	($ 5,657)

The consolidated company has elected to apply the recognition exemption to venue rental which qualify as short-term leases and certain assets which qualify as low-value asset lease, and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. Investment Properties

	December 31, 2020	December 31, 2019
Net carrying amount of each category		
Investment property- land	$ 263,283	$ 369,870
Investment property - property	159,622	210,411
	$ 422,905	$ 580,281

	Investment property- land	Investment property - property	Total
Cost			
Balance as of January 1, 2019	$ 255,286	$ 165,626	$ 420,912
Addition	98,673	17,135	115,808
Transferred from inventory	31,967	52,251	84,218
Reclassified to inventory	(16,056)	(706)	(16,762)
Balance as of December 31, 2019	$ 369,870	$ 234,306	$ 604,176
Accumulated depreciation and impairment			
Balance as of January 1, 2019	$ -	$ 19,054	$ 19,054
Depreciation expenses	-	5,304	5,304
Reclassified to inventory	-	(463)	(463)
Balance as of December 31, 2019	$ -	$ 23,895	$ 23,895
Net carrying amount as of December 31, 2019	$ 369,870	$ 210,411	$ 580,281

	Investment property- land	Investment property - property	Total
Cost			
Balance as of January 1, 2020	$ 369,870	$ 234,306	$ 604,176
Addition	2,253	8,823	11,076
Transferred from inventory	83,906	93,536	177,442
Reclassified to inventory	(192,746)	(159,759)	(352,505)
Transferred out (Note)	-	(8,500)	(8,500)
Balance as of December 31, 2020	$ 263,283	$ 168,406	$ 431,689
Accumulated depreciation and impairment			
Balance as of January 1, 2020	$ -	$ 23,895	$ 23,895
Depreciation expenses	-	6,340	6,340
Reclassified to inventory	-	(21,244)	(21,244)
Transferred out (Note)	-	(207)	(207)
Balance as of December 31, 2020	$ -	$ 8,784	$ 8,784
Net carrying amount as of December 31, 2020	$ 263,283	$ 159,622	$ 422,905

Note: The consolidated company took back house removal compensation paid in the previous years amounted to $8,500 thousand, and it reversed the accumulated depreciation recognized in the previous years amounted to $207 thousand to other income for the year ended December 31, 2020.

The consolidated company's investment properties are depreciated by straight-light method using the estimated useful lives as follows:

Investment property - property	
Main property	5 to 51 years
Decoration and partitioning project	5 to 26 years

The maturity analysis of operating lease payments receivable from the investment properties for the years ended December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Less than 1 year	$ 4,820	$ 8,255
1-5 years	5,317	-
Over 5 years	-	-
	$ 10,137	$ 8,255

The fair values of investment properties were $685,783 thousand and $815,141 thousand as of December 31, 2020 and December 31, 2019, respectively. The fair values as of December 31, 2020 was referred to the evidences of market transaction prices of similar properties rather than an independent and qualified professional appraiser. The fair values as of December 31, 2019 were referred to the evidences of market transaction prices of similar properties by Chen's Real Estate Appraiser Firm, an independent appraiser company, on the balance sheet date of 2019.

The consolidated company held freehold interests in all of its investment properties. Please refer to Note 32 for the amount of investment properties pledged by the consolidated company as collateral for borrowings.

17. Borrowings

a. Short-term borrowings

	December 31, 2020	December 31, 2019
Secured borrowings (Note 32)		
- Bank loans	$ 2,628,410	$ 3,169,460
Unsecured loans		
- Line of credit	-	145,000
	$ 2,628,410	$ 3,314,460
Interest rate range		
- Secured loans	1.35%~2.10%	1.79%~2.47%
- Unsecured loans	-	1.8%~1.9%
Loan maturity date	2021.3.23~ 2023.11.11	2020.3.5~ 2023.10.31

Please refer to Note 32 for information about the construction inventories pledged by the consolidated company as collateral for short-term borrowings.

b. Short-term bills payable

	December 31, 2020	December 31, 2019
Commercial paper payable	$ 846,000	$ 532,000
Less: Discount on short-term bills payable	(90)	(661)
	$ 845,910	$ 531,339

Outstanding short-term bills payable were as follows:

December 31, 2020

Guarantee/ Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest rate range	Collateral	The Carrying Value of Collateral
Commercial paper payable						
Shanghai Commercial & Savings Bank, Ltd.	$ 370,000	($ 25)	$ 369,975	1.668%	Cosmos Technology	$ 353,450
Mega Bills Finance Co., Ltd. (MBF)	380,000	(48)	379,952	1.688%	Asia Pacific Technology Park	$ 983,113
Ta Ching Bills Finance Corporation	96,000	(17)	95,983	1.688%	Universal Technology	$ 210,712
	$ 846,000	($ 90)	$ 845,910			

December 31, 2019

Guarantee/ Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest rate range	Collateral	The Carrying Value of Collateral
Commercial paper payable						
Shanghai Commercial & Savings Bank, Ltd.	$ 532,000	($ 661)	$531,339	1.85%	Cosmos Technology	$ 517,911

Please refer to Note 32 for information about the properties held for sale and properties under construction pledged by the consolidated company as collateral for short-term bills payable.

c. Long-term borrowings

	December 31, 2020	December 31, 2019
Secured borrowings (Note 32)		
Bank loans (1)	$ 2,327,294	$ 2,746,146
Less: Current portion matured in 1 year	(212,499)	(546,875)
Long-term borrowings	$ 2,114,795	$ 2,199,271

(1) The consolidated company's borrowings include:

	Initial loan principal		December 31, 2020	December 31, 2019
Hua Nan Bank Nan-Neihu –secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$105,000 thousand 2008.10.20~2023.10.20 1.62% Interests paid monthly in the first two years; two years later, evenly split into a total of 156 installments on a monthly basis.	$ -	$ 31,635
Hua Nan Bank Nan-Neihu –secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$150,000 thousand 2020.09.30~2025.09.30 1.49% evenly split into a total of 60 installments on a monthly basis.	145,184	31,061
Hua Nan Bank Nan-Neihu –secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$368,000 thousand 2018.02.26~2033.02.26 1.62% Interests paid monthly in the first twelve months; starting the 13th month, a total of 168 installments on a monthly basis.	326,915	350,727
Hua Nan Bank –secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$100,000 thousand 2018.07.27~2033.07.27 1.62% evenly split principal and interest into a total of 180 installments on a monthly basis.	86,193	92,242
First Bank Jen-Ai –secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$80,000 thousand 2010.11.23~2025.11.23 1.55% Interests paid monthly in the first thirty-six months; starting the 37th month, evenly split into a total of 144 installments on a monthly basis.	35,691	42,502
First Bank Jen-Ai –secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$100,000 thousand 2014.04.23~2020.08.08 1.9% evenly split into a total of 72 installments on a monthly basis.	-	8,333
First Bank Jen-Ai –secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$190,000 thousand 2013.06.28~2023.06.28 1.7% Interests paid monthly in the first twenty-fourth months; starting the 25th month, evenly split into a total of 96 installments on a monthly basis.	-	93,558
Land Bank of Taiwan Xi-Zhi –secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$982,000 thousand 2013.09.16~2028.09.16 1.49% Interests paid monthly in the first year; one year later, evenly split into a total of 168 installments on a monthly basis.	576,370	645,003
Land Bank of Taiwan Xi-Zhi –secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$105,000 thousand 2013.08.16~2020.08.16 1.74% Interests paid monthly in the first year; one year later, evenly split into a total of 72 installments on a monthly basis	-	16,367
Bank of Taiwan Chien-Kuo –secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$274,000 thousand 2012.07.02~2027.07.02 1.625% Interests paid monthly in the first two years; two years later, evenly split into a total of 156 installments on a monthly basis.	138,757	159,833
Taichung Bank Nei-Hu –secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$11,000 thousand 2013.04.22~2023.04.22 1.51% Interests paid monthly in the first year; one year later, evenly split into a total of 108 installments on a monthly basis.	3,135	4,397

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		Initial loan principal	December 31, 2020	December 31, 2019
Chang Hwa Bank Yung-Chun –secured loans	Total loan amount:	$960,000 thousand	$ 883,243	$ 932,832
	Borrowing period:	2016.05.23~2036.05.23		
	Interest rate range:	1.55%		
	Repayment Method:	Interests paid monthly in the first three years; annuity method applied three years later, evenly split principal into a total of 204 installments on a monthly basis.		
CTBC Corporate Banking –secured loans	Total loan amount:	$152,770 thousand	-	282,850
	Borrowing period:	2017.10.23~2021.04.23		
	Interest rate range:	1.84%		
	Repayment Method:	Bullet repayment		
Taiwan Cooperative Bank –secured loans	Total loan amount:	$65,000 thousand	23,806	23,806
	Borrowing period:	2018.07.20~2033.07.20		
	Interest rate range:	1.7%		
	Repayment Method:	Interests paid monthly in the first two years; two years later, evenly split into a total of 156 installments on a monthly basis.		
Chang Hwa Bank –secured loans	Total loan amount:	$31,000 thousand	31,000	31,000
	Borrowing period:	2017.12.25~2037.12.25		
	Interest rate range:	1.45%		
	Repayment Method:	Interests paid monthly in the first two years; two years later, evenly split principal and interest into a total of 216 installments on a monthly basis.		
Chang Hwa Bank Yung-Chun –secured loans	Total loan amount:	$77,000 thousand	77,000	-
	Borrowing period:	2020.07.01~2035.07.01		
	Interest rate range:	1.45%		
	Repayment Method:	Interests paid monthly in the first two years; two years later, evenly split principal and interest into a total of 156 installments on a monthly basis.		
			$ 2,327,294	$ 2,746,146

Please refer to Note 32 for information about the property, plant and equipment and investment properties pledged by the consolidated company as collateral for long-term borrowings.

18. Notes Payable and Accounts Payable

The average payment term of accounts payable is 30 days ～ 60 days. The consolidated company has conducted financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

Accounts payable classified as construction retainage payable for construction contracts were $22,153 thousand and $25,483 thousand as of December 31, 2020 and 2019, respectively. Construction retainage, which is interest free, will be paid for each construction contract at the end of the construction retainage period. This retainage period is the consolidated company’s normal operating cycle, which generally exceeds one year.

19. Other Liabilities

	December 31, 2020	December 31, 2019
Current		
Other payables		
Payable for salary and bonus	$ 40,848	$ 44,391
Payable for remuneration of directors	3,240	2,859
Payable for employees' compensation	6,321	3,994
Interest payable	7,082	10,112
Tax payable	12,469	10,859
Payable for engineering compensation (Note)	15,600	-
Others	25,914	32,348
	$ 111,474	$ 104,563

Note: The consolidated company has accrued $15,600 thousand of case-by-case engineering compensation for the year ended December 31, 2020.

20. Provisions

	December 31, 2020	December 31, 2019
Current		
Employee benefits	$ 2,977	$ 2,977

Provisions for employee benefits are accrued for short-term compensated absences to which employees are entitled. The Company shall measure the expected cost of accumulating compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period, and it shall recognize such cost when the employees render service that increases their entitlement to future compensated absences.

21. Post-Retirement Benefit Plans

a. Defined contribution plans

Founding Co., Chien-Chiao Co., FUSHIN Hotel Co., and Hsin-Long-Hsing Co. of the consolidated company adopted a pension plan under the Labor Pension Act, a government-managed defined contribution plan which requires the Company to make monthly contributions equal to 6% of each employee's monthly salary to employees' individual pension accounts of Bureau of Labor Insurance.

b. Defined benefit plans

Founding Co. and Chien-Chiao Co. of the consolidated company adopted the government-managed defined benefit plan under the Labor Standards Act. Pension of an employee is paid based on an employee's length of service and average monthly salary for the six-month period prior to retirement. These companies contribute an amount equal to 2% of total monthly salaries of the employees to their respective pension funds (the Funds), which are deposited at the Bank of Taiwan by the Labor Pension Fund Supervisory Committee in their name. Before the end of each year, if the assessed amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, these companies are required to fund the differences in one appropriation before the end of March of the next year. The Funds are administered by the Bureau of Labor Funds, Ministry of Labor; as such, the consolidated company has no right to intervene in the investments of the Funds.

The amounts of the defined benefit plans recorded in the consolidated balance sheet were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 45,651	$ 45,667
Fair value of plan assets	(33,333)	(30,034)
Contribution deficit (surplus)	12,318	15,633
Defined benefit liability, net	$ 12,318	$ 15,633

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

	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset), net
January 1, 2019	$ 46,520	($ 30,100)	$ 16,420
Service cost			
Current service cost	996	-	996
Interest expense (revenue)	408	(270)	138
Recognized in profit and loss	1,404	(270)	1,134
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	(1,064)	(1,064)
Actuarial loss (gain) - changes in demographic assumption	28	-	28
Actuarial loss (gain) - changes in financial assumption	768	-	768
Actuarial loss (gain) - experience adjustment	(594)	-	(594)
Recognized in other comprehensive income	202	(1,064)	(862)
Benefits paid	(2,459)	2,459	-
Contributions from employer	-	(1,059)	(1,059)
December 31, 2019	$ 45,667	($ 30,034)	$ 15,633
January 1, 2020	$ 45,667	($ 30,034)	$ 15,633
Service cost			
Current service cost	886	-	886
Interest expense (revenue)	285	(191)	94
Recognized in profit and loss	1,171	(191)	980

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	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset), net
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($ 1,059)	($ 1,059)
Actuarial loss (gain) - changes in demographic assumption	25	-	25
Actuarial loss (gain) - changes in financial assumption	720	-	720
Actuarial loss (gain) - experience adjustment	(1,932)	-	(1,932)
Recognized in other comprehensive income	(1,187)	(1,059)	(2,246)
Contributions from employer	-	(2,049)	(2,049)
December 31, 2020	$ 45,651	($ 33,333)	$ 12,318

The amount of the defined benefit plans was recognized in profit or loss by functions as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
General and administrative expenses	$ 980	$ 1,134

Through the pension plan under the R.O.C. Labor Standards Act, the consolidated company is exposed to the following risks:

1) Investment risk: The Bureau of Labor Funds, Ministry of Labor, invests the pension funds in domestic and foreign equity and debt securities, bank deposits, etc. through self-operation and entrusted operation. The investment is conducted at the discretion of or under the mandated management. However, the return generated by plan assets of the consolidated company shall not be less than the proceeds calculated by the interest rate on a two-year term deposit at the local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the consolidated company's present value of the defined benefit obligation were carried out by qualified actuaries. The material assumptions of the measurement date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.375%	0.625%
Expected growth rate of salary	2%	2%

Assuming reasonable and probable changes were incurred to each material actuarial assumption and all other assumptions were held constant, the present value of the defined benefit obligation would increase (decrease) for the amounts as follows:

	December 31, 2020	December 31, 2019
Discount rate		
Increased by 0.25%	($ 720)	($ 768)
Decreased by 0.25%	$ 740	$ 790
Expected growth rate of salary		
Increased by 0.25%	$ 715	$ 765
Decreased by 0.25%	($ 700)	($ 748)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2020	December 31, 2019
Expected contribution amount in 1 year	$ 940	$ 1,051
Average maturity period of the defined benefit obligation	5.7~8.1 years	6.5~7.5 years

22. Maturity Analysis of Assets and Liabilities

The consolidated company classified the assets and liabilities of its construction operations as current and non-current in accordance with the length of the operating cycle of these constructions. The amounts that are expected to be recovered or settled within one year and beyond one year from the balance sheet date are listed as follows:

December 31, 2020	Within 1 Year	Beyond 1 Year	Total
Assets			
Cash and cash equivalents	$ 519,169	$ -	$ 519,169
Financial assets at fair value through profit or loss - current	2,856	-	2,856
Accounts receivable	68,585	-	68,585
Current tax assets	304	-	304
Inventory - Buildings and land held for sale	2,308,767	-	2,308,767
Inventory - Construction in progress	-	6,125,555	6,125,555
Inventory - food and beverage inventory	3,137	-	3,137
Prepayments	80,017	-	80,017
Other financial assets—current	121,831	-	121,831
Other current assets	6,852	-	6,852
	$ 3,111,518	$ 6,125,555	$ 9,237,073
Liabilities			
Short-term borrowings	$ 438,200	$ 2,190,210	$ 2,628,410
Short-term notes and bills payable	845,910	-	845,910
Contract liabilities – current	315,817	-	315,817
Notes payable	46,706	-	46,706
Accounts payable	185,588	-	185,588
Other payables	111,474	-	111,474
Current tax liabilities	4,522	-	4,522
Provisions - current	2,977	-	2,977
Lease liabilities - current	2,854	-	2,854
Long-term borrowings matured in one year	212,499	-	212,499
Other current liabilities	50,625	-	50,625
	$ 2,217,172	$ 2,190,210	$ 4,407,382

December 31, 2019	Within 1 Year	Beyond 1 Year	Total
Assets			
Cash and cash equivalents	$ 450,008	$ -	$ 450,008
Financial assets at fair value through profit or loss - current	2,419	-	2,419
Accounts receivable	40,372	-	40,372
Current tax assets	254	-	254
Inventory - Buildings and land held for sale	2,164,565	-	2,164,565
Inventory - Construction in progress	-	7,118,810	7,118,810
Inventory - food and beverage inventory	5,481	-	5,481
Prepayments	105,382	-	105,382
Other financial assets—current	101,137	-	101,137
Other current assets	8,849	-	8,849
	$ 2,878,467	$ 7,118,810	$ 9,997,277
Liabilities			
Short-term borrowings	$ 306,360	$ 3,008,100	$ 3,314,460
Short-term notes and bills payable	531,339	-	531,339
Contract liabilities – current	616,519	-	616,519
Notes payable	47,706	-	47,706
Accounts payable	201,550	-	201,550
Other payables	104,563	-	104,563
Current tax liabilities	6,004	-	6,004
Provisions - current	2,977	-	2,977
Lease liabilities - current	2,909	-	2,909
Long-term borrowings matured in one year	546,875	-	546,875
Other current liabilities	43,949	-	43,949
	$ 2,410,751	$ 3,008,100	$ 5,418,851

23. Equity

a. Capital stock

Ordinary shares

	December 31, 2020	December 31, 2019
Authorized shares (in thousands)	360,000	360,000
Authorized capital stock	$ 3,600,000	$ 3,600,000
Issued and fully paid shares (in thousands)	285,245	285,245
Issued capital stock	$ 2,852,450	$ 2,852,450

b. Capital surplus

	December 31, 2020	December 31, 2019
To offset a deficit, to be distributed as cash dividends or stock dividends		
Additional paid-in capital	$ 20,894	$ 20,894
Treasury stock transaction	236	236
	$ 21,130	$ 21,130

Such capital surplus may be used to offset a deficit or to be distributed as cash dividends or stock dividends; however, the stock dividends have a limitation up to a certain percentage of the paid-in capital per year.

c. Retained earnings and dividend policy

According to Founding Co.'s earnings distribution policy in Articles of Incorporation, the Company shall make appropriations from its net income (less any deficit), if any, to pay the taxes in compliance with the laws, offset its accumulated losses, set aside a legal reserve at 10% of the remaining earnings, and then set aside or reverse a special reserve in accordance with the relevant laws or regulations. Of the remainder, together with any unappropriated earnings of prior years, shall be proposed by the Board of Directors as a plan for the distribution of the remaining undistributed earnings, and the shareholders shall resolve such plan in the shareholders' meeting for distribution of dividends to shareholders. Cash dividends of the Company shall not be lower than 30% of total dividends. For the policies on employees' compensation and remuneration of directors, which is stipulated in the Company's Articles of Incorporation, please refer to Note 25(8).

According to Article 237 of the Company Act, after-tax surplus profits shall first set aside 10% of said profits as legal reserve, unless legal reserve equals to the paid-in capital. Legal reserve may be used to offset deficit. If the company has no deficit and the legal reserve has exceeded 25% of the company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Founding Co. appropriates and reverses special reserves in accordance with the regulations of Jin-Guan-Zheng-Fa's Letter No. 1010012865 and Jin-Guan-Zheng-Fa's Letter No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

The appropriations of earnings for 2019 and 2018 had been approved in Founding Co.'s shareholders' meetings on June 9, 2020 and June 10, 2019, respectively, and they were as follows:

	Appropriation of Earnings		Dividends Per Share ($)	
	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Legal reserve	$ 9,433	$ 23,415	$ -	$ -
Cash dividends	142,623	199,672	0.5	0.70

The appropriations of earnings and dividends per share for the year ended December 31, 2020 had been proposed by the Founding Co.'s board of directors on March 17, 2021, and they were as follows:

	Appropriation of Earnings	Dividends Per Share ($)
Legal reserve	$ 24,456	$ -
Cash dividends	171,147	0.6

The appropriations of earnings for the year ended December 31, 2020 are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 10, 2021.

24. Revenue

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Rental revenue	$ 8,881	$ 12,651
Hospitality service revenue	338,929	608,548
Construction revenue	3,487,088	1,010,343
	$ 3,834,898	$ 1,631,542

a. Explanation of customer contracts

Construction revenue

Penalties for delay of construction are specified in the Construction Department's real estate construction contracts, and the consolidated company considers previous contracts with similar terms and scales to estimate the transaction price based on the most likely amount.

b. Contract balances

	December 31, 2020	December 31, 2019
Accounts receivable (Note 9)	$ 68,585	$ 40,372
Contract liabilities – current		
Property under construction	$ 315,817	$ 616,519

The changes in the contract asset and liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment without other significant changes.

25. Net Income from Continuing Operation

Components of profit/(loss) from continuing operation are as follows:

a. Interest income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Bank Deposits	$ 172	$ 257
Others	45	53
	$ 217	$ 310

b. Other income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Dividend incomes	$ 163	$ 1,491
Incomes from grants (Note 34)	15,112	-
Others	1,103	992
	$ 16,378	$ 2,483

c. Other gains and losses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Net foreign exchange gain (loss)	$ 110	$ 382
Gain (loss) on disposal of property, plant and equipment	286	(5)
Net gain on disposal of financial asset	392	1,497
Gain (loss) on fair value changes of financial assets at FVTPL	436	9,756
Losses in engineering compensation (Note 19)	(15,600)	-
Others	(1,171)	(1,901)
	($ 15,547)	$ 9,729

d. Finance costs

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Interest on bank loans	($ 111,284)	($ 125,842)
Interest on lease liabilities	(257)	(323)
Less: Amounts included in the cost of required assets	69,930	58,530
	($ 41,611)	($ 67,635)

Refer to Note 10(3) for information about capitalized interests.

e. Depreciation and amortization

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Property, plant and equipment	$ 78,969	$ 78,867
Right-of-use assets	3,177	3,178
Investment property	6,340	5,304
Intangible assets	595	933
	$ 89,081	$ 89,282
Depreciation expenses by function		
Operating costs	$ 83,408	$ 81,174
Operating expenses	5,078	7,175
	$ 88,486	$ 88,349
Amortization expenses by function		
Operating costs	$ 237	$ 157
Operating expenses	358	776
	$ 595	$ 933

f. Operating expenses directly related to investment property

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Rental cost generated	$ 6,340	$ 5,304

g. Employee benefits expense

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Post-Retirement Benefits (Note 22)		
Defined contribution plans	$ 10,348	$ 11,693
Defined benefit plans	980	1,134
	11,328	12,827
Short-term employee benefits expense (salary, incentive, bonus, etc.)	241,537	290,068
Total employee benefit expenses	$ 252,865	$ 302,895
By function		
Operating costs	$ 139,811	$ 182,172
Operating expenses	113,054	120,723
	$ 252,865	$ 302,895

h. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates of no less than 0.6% and no higher than 3% for employees' compensation and no higher than 2% for remuneration of directors of net profit before tax. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on March 17, 2021 and March 18, 2020, respectively, were as follows:

Accrual rates

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Employees' compensation	2.20%	3%
Remuneration of directors	1.19%	2%

Amounts

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
	Cash	Cash
Employees' compensation	$ 5,961	$ 3,394
Remuneration of directors	3,240	2,259

If there is a change in the amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in the accounts in the following year.

There was no difference between the actual amount paid of employees' compensation and remuneration of directors and the amount recognized in the parent company only financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors for the years ended December 31, 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. Income Tax

a. The major components of income tax expense recognized in profit and loss account

Major components of income tax expense are as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Current tax		
In respect of the current year	$ 29,095	$ 25,861
Surcharges on unappropriated earnings	633	1,596
Adjustments for prior years	(1,188)	635
	28,540	28,092
Deferred income tax		
In respect of the current year	1,557	(7,282)
Income tax expenses recognized in profit or loss	$ 30,097	$ 20,810

A reconciliation of accounting profit and current income tax expense is as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Profit/(loss) before income tax from continuing operations	$ 272,855	$ 115,148
Income tax expenses from profit/(loss) before income tax calculated at the statutory rate	$ 54,571	$ 23,030
Tax effect of adjusting items:		
Loss (gain) not considered in determining taxable income		

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	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Gain on land sold exempt from income tax	(51,192)	(19,356)
Other non-taxable income	(3,176)	(522)
Others	(12,177)	4,917
Surcharges on unappropriated earnings	633	1,596
Land value increment tax on the sale of land	22,047	18,647
Unrecognized loss carryforward and deductible temporary differences	20,579	(8,137)
Income tax expenses from previous years adjusted for current period	(1,188)	635
Income tax expenses recognized in profit or loss	$ 30,097	$ 20,810

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Deferred income tax		
In respect of the current year		
- Actuarial gain (loss) of defined benefits	($ 449)	($ 173)
Income tax recognized in other comprehensive income	($ 449)	($ 173)

c. Current tax assets and liabilities

	December 31, 2020	December 31, 2019
Current tax assets		
Tax Refund Receivable	$ 304	$ 254
Current tax liabilities		
Income tax payable	$ 4,522	$ 6,004

d. Deferred Tax Assets and Liabilities

The movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2020

Deferred tax assets	Opening Balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing Balance
Temporary differences				
Property, plant and equipment	$ 382	$ 2,791	$ -	$ 3,173
Right-of-use assets	1,615	(1,615)	-	-
Deferred selling and marketing expenses	4,762	(13)	-	4,749
Loss carryforward	2,507	(2,507)	-	-
Defined benefit retirement plans	3,126	(213)	(449)	2,464
	$ 12,392	($ 1,557)	($ 449)	$ 10,386

For the Year Ended December 31, 2019

Deferred tax assets	Opening Balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing Balance
Temporary differences				
Property, plant and equipment	$ 382	$ -	$ -	$ 382
Right-of-use assets	-	1,615	-	1,615
Deferred selling and marketing expenses	1,271	3,491	-	4,762
Loss carryforward	-	2,507	-	2,507
Defined benefit retirement plans	3,630	(331)	(173)	3,126
	$ 5,283	$ 7,282	($ 173)	$ 12,392

e. Amounts of loss carryforward and deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheet

	December 31, 2020	December 31, 2019
Loss carryforward		
Expired in 2024	$ 12,008	$ -
Expired in 2025	8,835	-
Expired in 2030	90,353	-
	$ 111,196	$ -

	December 31, 2020	December 31, 2019
Deductible temporary differences		
losses on impairment	$ 20,049	$ 20,049
Non-leaving pay	2,977	2,977
	$ 23,026	$ 23,026

f. Income tax assessments

Founding Co. and its subsidiaries' latest annual income tax return of a profit-seeking enterprise have been assessed by the tax authorities, and the assessed years were as follows:

	Assessed Year
Founding Co.	2018
Chien-Chiao Co.	2018
FUSHIN Co.	2018
Hsin-Long-Hsing Co.	2018

27. Earnings Per Share

Unit: Dollars per share

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Basic EPS	$ 0.85	$ 0.33
Diluted EPS	$ 0.85	$ 0.33

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations are as follows:

NET PROFIT/(LOSS) FOR THE YEAR

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
NET PROFIT/(LOSS) to calculate basic EPS	$ 242,758	$ 94,338
Effect of dilutive potential ordinary share:		
Employees' compensation	-	-
Earnings to calculate diluted EPS	$ 242,758	$ 94,338

Number of Shares

Unit: In Thousands of Shares

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	285,245	285,245
Effect of dilutive potential ordinary share:		
Employees' compensation	421	283
Weighted average number of ordinary shares outstanding used in the computation of dilutive earnings per share	285,666	285,528

If the consolidated company offered to settle the employees' remuneration in cash or shares, the consolidated company presumes that the entire amount of the employees' remuneration would be settled in shares, and includes the potential shares that bear dilutive effect in the weighted average number of shares outstanding to calculate the diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. Non-Cash Transactions

For the years ended December 31, 2020 and 2019, the consolidated company conducted the following non-cash investing and financing activities:

a. The consolidated company transferred inventories into investment properties, resulting in a decrease of $331,261 thousand in investment properties and an increase of $16,299 thousand in inventories, respectively, for the years ended December 31, 2020 and 2019.

b. The consolidated company transferred lease inventories into investment properties, resulting in a decrease of $177,442 thousand in inventories and an increase of $84,218 thousand in investment properties, respectively, for the years ended December 31, 2020 and 2019.

c. Prices of property, plant and equipment obtained include prepayment for equipment and equipment payables, and their adjustments are as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Property, plant and equipment obtained	$ 9,158	$ 10,963
Decrease in prepayment for equipment (recorded in other non-current assets - others)	(3,330)	-
Increase in equipment payables (recorded in other payables)	(228)	-
	$ 5,600	$ 10,963

29. Capital Risk Management

The consolidated company conducts capital risk management to ensure that each entity of the group would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity.

The consolidated company's capital structure consists of the consolidated company's net debt (which is borrowings less cash and cash equivalents) and equity (which are share capital, capital surplus, retained earnings, and other equity items).

The consolidated company is not subject to any other external capital requirements.

The key management of the consolidated company reviews the capital structure and considers the costs and risks involved in different capital structures when there are new construction projects and operational fund needs. Based on recommendations of the key management, the consolidated company will balance its overall capital structure through financing. Generally, the Group adopts the conservative risk management strategy.

30. Financial Instruments

a. Information on Fair value - Financial Instruments not Measured at Fair Value

Except for long-term borrowings as below, management of the consolidated company believes the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

Fair value hierarchy of the above-mentioned fair value measurement was as follows:

December 31, 2020

	Carrying Value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost:					
- Long-term borrowings	$2,114,795	$ -	$2,092,307	$ -	$2,092,307

December 31, 2019

	Carrying Value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost:					
- Long-term borrowings	$2,199,271	$ -	$2,166,030	$ -	$2,166,030

The above mentioned fair value measurements of Level 2 are determined using discounted cash flow analysis by the borrowing rate.

b. Information on Fair value - Financial instruments measured at fair value on a recurring basis

Fair Value Hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund beneficiary certificates	$ 2,856	$ -	$ -	$ 2,856
Financial assets at fair value through other comprehensive income				
Domestic non-listed (non-OTC) securities				
- equity investments	$ -	$ -	$ 10,032	$ 10,032

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund beneficiary certificates	$ 2,419	$ -	$ -	$ 2,419
Financial assets at fair value through other comprehensive income				
Domestic non-listed (non-OTC) securities				
- equity investments	$ -	$ -	$ 10,032	$ 10,032

There was no transfer between Levels 1 and Level 2 for the years ended December 31, 2020 and 2019.

c. Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss		
Mandatorily classified as at FVTPL	$ 2,856	$ 2,419
Financial assets at amortized cost (Note 1)	726,763	613,861
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	10,032	10,032
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	6,096,397	6,896,835

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, other financial assets, refundable deposits, etc.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payable, long-term borrowings, guarantee deposits, etc.

d. Financial risk management objectives and policies

The consolidated company's major financial instruments included equity investments, accounts receivable, accounts payable, borrowings, etc. The consolidated company's Finance division provides services to each unit of the business, coordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the consolidated company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The consolidated company's operating activities exposed it primarily to the financial risks of changes in interest rates (see paragraph (i) below).

The consolidated company's management methods and assessment methods of the risk exposure to market risks of financial instruments remain unchanged.

a) Interest rate risk

The consolidated company is exposed to interest rate risk because entities in the consolidated company borrow funds at both fixed and floating interest rates. Please refer to Paragraph 3 below for explanation of management on liquidity risk in the notes about financial assets and liabilities of floating interest rates.

Sensitivity analysis

The sensitivity analysis below was determined based on the consolidated company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rate had been 0.1% higher/lower and all other variables were held constant, the consolidated company's pre-tax/after-tax profit for the year ended December 31, 2020 would decrease/increase by $5,802 thousand and $4,641 thousand, respectively. The consolidated company's pre-tax/after-tax profit for the year ended December 31, 2019 would decrease/increase by $6,592 thousand and $5,274 thousand, respectively, mainly because the consolidated company was exposed to risks from borrowings with variable interest rates and assets with variable interest rates.

b) Other price risk

The consolidated company was exposed to equity price risk through its investments on equity securities of listed and OTC companies and its fund beneficiary certificates.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the consolidated company's pre-tax/after-tax other comprehensive income for the year ended December 31, 2020 would have increased/decreased by $143 thousand and $114 thousand, respectively. The consolidated company's pre-tax/after-tax other comprehensive income for the year ended December 31, 2019 would have increased/decreased by $121 thousand and $97 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the end of the reporting period, the consolidated company's maximum exposure to credit risk due to failure to discharge an obligation by the counterparties arises from:

a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet.

The consolidated company reviews the recoverable amount of each individual account receivable on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the consolidated company's credit risk has been significantly reduced.

3) Liquidity risk

The consolidated company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the consolidated company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The analysis of the consolidated company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods was drawn up based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities from the earliest date on which the consolidated company can be required to repay. Therefore, bank borrowings that the consolidated company may be required to repay immediately are listed in the table below at the earliest term disregard the probability of instantly exercising such right by the bank. The analysis of the maturities of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

December 31, 2020

	Less than 1 year	2 - 3 years	4 - 5 years	6+ years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 328,241	$ -	$ -	$ -	$ 328,241
Floating interest rate instruments	661,881	2,768,647	489,205	1,356,928	5,276,661
Lease liabilities	2,854	5,408	2,352	-	10,614
	$ 992,976	$2,774,055	$ 491,557	$1,356,928	$5,615,516

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	20+ years
Lease liabilities	$ 3,051	$ 8,023	$ -	$ -	$ -	$ -

December 31, 2019

	Less than 1 year	2 - 3 years	4 - 5 years	6+ years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 325,403	$ -	$ -	$ -	$ 325,403
Floating interest rate instruments	870,453	2,700,867	1,432,774	1,541,161	6,545,255
Lease liabilities	2,909	5,768	3,827	1,019	13,523
	$1,198,765	$2,706,635	$1,436,601	$1,542,180	$6,884,181

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	20+ years
Lease liabilities	$ 3,166	$ 10,046	$ 1,029	$ -	$ -	$ -

In consideration of the consolidated company's financial position, the management does not believe that it is probable that the banks will exercise their rights to demand immediate settlement.

b) Financing facilities

	December 31, 2020	December 31, 2019
Unsecured bank overdraft amount (reviewed annually)		
- Amount used	$ -	$ 145,000
- Amount unused	180,000	60,000
	$ 180,000	$ 205,000
Secured bank overdraft amount		
- Amount used	$ 5,801,704	$ 6,446,945
- Amount unused	3,318,386	3,271,355
	$ 9,120,090	$ 9,718,300

31. Related Party Transactions

In preparing the consolidated financial statements, all transactions, account balances, income and expenses between the Company and its subsidiaries (which are the Company's related parties) have been eliminated in full and are not disclosed in this note accordingly. Material transactions between the consolidated company and other related parties are as follows.

a. Names and relationships of related parties

Name of related party	Relationship with the consolidated company
Dai Xuan Huang	Other related party (spouse of directors)

b. Operating revenue

Line Items	Category of related party	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Sales Revenue	Other related party	$ -	$ 35,644

There are no significant differences between the consolidated company's terms and conditions of sales and collection for related parties and that of general transactions.

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2020 and 2019 was as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Short-term employee benefits	$ 19,907	$ 21,640
Post-Retirement Benefits	1,025	1,072
Shareholder-based payments	1,119	1,897
	$ 22,051	$ 24,609

The remuneration of directors and other members of key management personnel, as determined by the remuneration committee, was based on the individual performance and market trends.

32. Pledged Assets

The following assets of the consolidated company were provided for financial institution borrowings and performance guarantee of goods as collateral, and each of their carrying amounts is as follows:

	Summary	December 31, 2020	December 31, 2019
Construction inventory - Buildings and land held for sale		$ 353,450	$ 517,911
	Cosmos Technology		
	Universal Technology	210,712	325,793
	Nan Ke Ming Men	141,516	216,716
	Li Garden	-	159,925
	Zhong Lu Sec.	66,866	89,097
	Fu Gui Ming Di	279,736	363,145
	Di Hua Sec.	-	248,608
	Land of Bao An Sec.	10,494	-
	Asia Pacific Technology Park	983,113	-
Construction inventory - Construction in progress	Founding Yi Pin (originally Yu Cheng Sec.)	1,587,838	1,017,681
	Asia Pacific Technology Park (originally Bao An Sec.)	537,160	3,110,082
	United Tech	1,655,022	1,134,252
	Founding Li Garden (originally Wu Gu Wang Sec.)	821,245	763,969
	Founding Fu Yi	656,548	585,792
	Star Technology (originally Tam Mei Sec.)	375,123	334,237
	Fu-Yi Tainan NO.2 (originally Li Ren Sec.)	113,228	111,673
Property, plant and equipment	Land	1,543,116	1,543,116
	Buildings and Property	2,678,431	2,750,184
Other financial assets - current	Reserve account and trust account	96,331	87,637
Investment property	Land	223,570	245,599
	Buildings and Property	147,638	192,681
		$ 12,481,137	$ 13,798,098

As of December 31, 2020 and 2019, the carrying amounts of freehold land and buildings pledged as collateral for the consolidated company's borrowings are as the above-mentioned table. The freehold land and buildings were pledged as collateral for bank borrowings, and the consolidated company is unable to use the pledged assets as collateral for other borrowings or to sell to other enterprises.

33. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those described in other notes, significant commitments and contingencies of the consolidated company on the date of balance sheet were as follows:

a. According to Article 513 of the Civil Code, "when the contract of hire of work is for the construction of a building or other works on land or for vital repairs on such building or works, the undertaker in accordance with the remuneration of the relation of hire of work on the real property of the proprietor upon which the work is done, may demand the proprietor to register a right of mortgage." Hence, the construction company that undertakes Founding Construction's construction project holds the right of mortgage over the construction in progress.

b. The consolidated company entered into contracts with contractors undertaking outsourced works. The contracts with unclosed construction projects were amounted to $1,071,062 thousand, and the amounts of $276,222 thousand were paid as of December 31, 2020.

c. Commodity Voucher issued by FUSHIN Hotel Co., one of the consolidated companies, adopts the performance guarantee provided by Sunny Bank amounted to $15,037 thousand as of December 31, 2020.

34. Others

Note: FUSHIN Hotel Co. was affected by the global pandemic of COVID-19 resulting in a significant decrease in hospitality service revenue for the year ended December 31, 2020. The global recovery of international tourism and free business access is subject to subsequent vaccine and pandemic management as all countries still adopt closed-loop management. Schedules for FUSHIN Hotel Co. to be recovered to its normal operation remain uncertain.

Due to impacts of the pandemic, FUSHIN Hotel Co. has successively applied for the government grants of salary and operating funds. Recognized income from grants amounted to $15,112 thousand for the year ended December 31, 2020.

35. Supplementary Disclosures

Relevant Information on a. Significant transactions and b. Invested companies:

1) Financing provided to others. (Not applicable)

2) Endorsements/guarantees provided. (Table 1)

3) Marketable securities held. (Table 2)

4) Marketable securities acquired or disposed of at costs or prices accumulated at least NT$300 million or 20% or greater of the paid-in capital. (Not applicable)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% or greater of the paid-in capital. (Not applicable)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% or greater of the paid-in capital. (Not applicable)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% or greater of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% or greater of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Not applicable)

10) Others: Business relationships and situations and amounts of significant transactions of Inter-company. (Table 5)

11) Information on investees. (Table 6)

c. Information on investments in mainland China

1) Information on any investee in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Not applicable)

2) Significant transactions directly or indirectly through third region with investee companies in mainland China, and their prices, terms of payment, unrealized gain or loss. (Not applicable)

   a) Purchase amount and percentage, and the ending balance and percentage of the related payables.

   b) Sales amount and percentage, and the ending balance and percentage of the related receivables.

   c) Property transaction amounts and the resulting gain or loss.

   d) Ending balances and the purposes of endorsements/guarantees or collateral provided.

   e) The maximum remaining balance, ending balance, range of interest rate and total amount of current interest of financing facilities.

   f) Other transactions having a significant impact on profit or loss or financial position for the period, such as provision or receipt of service.

d. Information of major shareholders

List of all shareholders with ownership of 5 % or greater showing the names and the number of shares and percentage of ownership held by each shareholder: (Table 7)

36. Segment Information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. In compliance with the Financial Accounting Standard No. 41 "Disclosures of operating segments," the reportable segments of the consolidated company are as follows:

Architecture segment

Construction segment

Hospitality segment

Segment revenue and operation results

Analysis of revenues and operation results by segment of the consolidated company's continuing operation was as follows:

	Segment Revenue		Segment Profit (Loss)	
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Architecture segment	$ 3,447,863	$ 1,011,406	$ 501,527	$ 306,530
Construction segment	48,106	11,588	3,287	4,420
Hospitality segment	338,929	608,548	95,794	168,093
Total continuing operation	$ 3,834,898	$ 1,631,542	600,608	479,043
Operating expenses			(287,190)	(308,782)
Interest Income			217	310
Net foreign exchange gain			110	382
Company's general revenue			17,492	13,737
Company's general expense			(16,771)	(1,907)
Finance costs			(41,611)	(67,635)
Profit/(loss) before income tax from continuing operations			$ 272,855	$ 115,148

Segment revenues reported above were all generated by transactions with external customers.

Segment profit represents the profits made by each segment, excluding the general and administrative costs of headquarters and remuneration of directors that shall be amortized, share of profit of associates using equity method, rental revenue, interest income, gain (loss) on disposal of property, plant and equipment, gain (loss) on disposal of investment, net foreign exchange gain (loss), gain (loss) on valuation of financial instruments, finance costs, and income tax expenses. Such measurement amounts are provided to the chief business decision makers to allocate resources to segments and to evaluate their performance.

Founding Construction Development Corp. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED
For the Year Ended December 31, 2020
Unit: NT$ Thousands/ Foreign Currency Dollars

Code (Note 1)	Endorser/guarantor Company Name	Endorsee/guarantee		Limits on Endorsement/ Guarantee for Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed with Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent for Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries for Parent (Note 4)	Endorsement/ Guarantee for Companies in Mainland China (Note 4)	Remarks
		Company Name	Relationship (Note 2)											
0	Founding Co.	Chien-Chiao Co.	2	$ 1,487,667	$ 25,000	$ -	$ -	$ -	-	$ 3,719,169	Y	N	N	
1	Chien-Chiao Co.	Founding Co.	3	1,072,826	109,612	109,612	50,000	109,612	41.63	263,308	N	Y	N	

Note 1: Explanation of the code column as follows:

1. Number 0 represents issuer
2. Investee companies are numbered in order starting from "1" by company.

Note 2: The types of relationship between the endorser/guarantee and the endorsee/guarantor are as follows, please label the number:

1. A company having business relationship with another.
2. A subsidiary directly holding more than 50% of ordinary share equity.
3. An investee company of which the parent company and its subsidiaries holding more than 50% of ordinary share equity.
4. A parent company of which the subsidiary directly or indirectly holds more than 50% of ordinary share equity.
5. A company that is mutually protected under contractual requirements based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.

Note 3: 1. Aggregate endorsement/guarantee limits are conducted by the operating procedures of endorsement/guarantee regulated by the Securities and Futures Commission, Ministry of Finance, and approved by the shareholders' meeting according to Article 36-1 of Securities and Exchange Act: The aggregate limit for external endorsement/guarantee may be up to 50% of the net value and that for a single enterprise endorsement/guarantee shall not exceed 20% of the net value.

For the year ended December 31, 2020, according to the above mentioned regulations, the aggregate limit for external endorsement/guarantee is $3,719,169 thousand, which equals the net value of $7,438,339 thousand * 50%, and the aggregate limit for a single enterprise endorsement/guarantee is $1,487,667 thousand, which equals the net value of $7,438,339 thousand * 20%.

2. The aggregate limit for a single enterprise endorsement/guarantee of Chien-Chiao Construction Co., Ltd. shall not exceed 100% of the current net value. The aggregate limit for a business partner endorsement/guarantee shall not exceed the total amount of transactions with the Company in the most recent year (the purchase or sales amount between the two parties, whichever is higher).

According to the above mentioned regulations, the aggregate limit for a single enterprise endorsement/guarantee of Chien-Chiao Construction Co., Ltd. equals the net value amounted to $263,308 thousand, and the aggregate limit for a business partner endorsement/guarantee is $1,072,826 thousand.

Note 4: Listed (OTC) parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the listed (OTC) parent company, or endorsement/guarantee for entities in Mainland China shall fill in "Y".

Founding Construction Development Corp. and Subsidiaries

MARKETABLE SECURITIES HELD AT YEAR END
December 31, 2020
Unit: NT$ Thousands

Name of Holding Company	Type and Name of Marketable Security	Relationship with the Issuer of Marketable Security	Name of Account	Ending Balance				Remarks
				Shares (unit)	Carrying Value	Percentage of ownership (%)	Market Value, Net	
Founding Co.	Beneficiary certificates							
	Mega Global Fund	No	Financial assets at fair value through profit or loss - current	73,733.33	$ 2,856	-	$ 2,856	
	Stock							
	GREATFORCE BIOCHEM TECH CO., LTD.	No	Financial assets at fair value through other comprehensive income - non-current	500,000	$ -	1.84	$ -	Non-listed (Non-OTC) company
Chien-Chiao Co.	Stock							
	Youquan Hydropower Engineering Co., Ltd.	No	Financial assets at fair value through other comprehensive income - non-current	228,000	$ 5,928	19	$ 2,942	Non-listed (Non-OTC) company
	Chao-Teng Hydropower Engineering Co., Ltd.	No	〃	-	4,104	19	6,123	〃
	GREATFORCE BIOCHEM TECH CO., LTD.	No	〃	500,000	-	1.84	-	〃
					$ 10,032		$ 9,065	

TABLE 3

Founding Construction Development Corp. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OR GREATER OF THE PAID-IN CAPITAL
For the Year Ended December 31, 2020
Unit: NT$ Thousands

Buyer/Seller	Counterparty	Relationship	Transaction Details				Terms and Reasons of Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remarks
			Purchase/ Sales	Amount	% to Total Purchases or Sales	Payment Terms	Unit Price	Payment Terms	Balance	% to Total Notes/Accounts Receivable (Payable)	
Founding Co.	Chien-Chiao Co.	Subsidiary	Purchases (undertaking contracted projects amounted to $5,080,980 thousand)	$ 1,045,220	55%	in compliance with the payment term of the contracts	No abnormality	in compliance with the payment term of the contracts	Notes payable $ 48,300	99%	
									Accounts payable 146,420	94%	
Chien-Chiao Co.	Founding Co.	Parent company	Sales (undertaking contracted projects amounted to $5,080,980 thousand)	1,072,826	100%	in compliance with the payment term of the contracts	No abnormality	in compliance with the payment term of the contracts	Notes receivable 48,300	100%	
									Accounts receivable 146,420	78%	

Note: The above transactions were eliminated in preparing the consolidated financial statements.

Founding Construction Development Corp. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OR GREATER OF THE PAID-IN CAPITAL
For the Year Ended December 31, 2020
Unit: NT$ Thousands

The companies that record such transactions as receivables	Counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue balance of receivables from related parties		Amount received of receivables from related parties after the balance sheet date	Allowance for Bad Debts
					Amount	Action taken		
Chien-Chiao Co.	Founding Co.	Parent company	$ 194,720	5.46 times	$ -	-	$ 128,300	$ -

Note: The above transactions were eliminated in preparing the consolidated financial statements.

TABLE 5

Founding Construction Development Corp. and Subsidiaries

RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS BETWEEN CONSOLIDATED ENTITIES
For the Year Ended December 31, 2020
Unit: NT$ Thousands

Code (Note 1)	Name of Trader	Counterparty of Trade	Relationship with Trader (Note 2)	Transaction Details			
				Accounts	Amount	Terms and Conditions	Percentage of total consolidated revenue or total consolidated assets (Note 3)
0	Founding Co.	Chien-Chiao Co.	1	Notes payable	$ 48,300	Progress payment requested based on the project status	0.35%
0	Founding Co.	Chien-Chiao Co.	1	Accounts payable	146,420	Progress payment requested based on the project status	1.05%
0	Founding Co.	Chien-Chiao Co.	1	Construction costs	1,017,769	Progress payment requested based on the project status	26.54%
0	Founding Co.	FUSHIN Hotel Co.	1	Rental revenue	59,188	Payment requested in terms of contract	1.54%
0	Founding Co.	Hsin-Long-Hsing Co.	1	Accounts payable	7,804	Payment requested in terms of contract	0.06%

Note 1: Information on business transactions between the parent and subsidiaries shall be indicated in the code column as follows:

a. Parent company is "0."

b. The subsidiaries are numbered in order starting from "1."

Note 2: Trader’s relationship with the following three categories (just mark the category number):

1. The parent to subsidiary.

2. Subsidiary to the parent.

3. Between subsidiaries.

Note 3: On whether to calculate the percentage of transaction amount to the consolidated total revenue or total assets, the percentage of transaction amount to the ending balance of the consolidated total assets shall be calculated if a transaction account belongs to the assets and liabilities account, whereas the percentage of accumulated transaction amount to the consolidated total revenue shall be calculated if a transaction account belongs to the profit and loss account.

TABLE 6

Founding Construction Development Corp. and Subsidiaries

RELEVANT INFORMATION OF INVESTEE COMPANY (NAME, LOCATION, ... ETC)
For the Year Ended December 31, 2020

Unit: NT$ Thousands

Investor company	Investee company	Location	Main businesses	Initial investment amount		Held as of the end of the period			Current profit or loss of the investee company	Investment gain (loss) recognized in the current period	Remarks
				Ending Balance of the Current Period	Ending Balance of the Previous Period	Shares	Ratio %	Carrying Value			
Founding Co.	Chien-Chiao Co.	5F-5 No. 294, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City	business of buildings and civil construction	$ 51,800	$ 51,800	15,000,000	100	$ 13,793	$ 25,400	$ 32,477	Note 1
Founding Co.	FUSHIN Hotel Co.	No. 128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	catering and restaurant businesses - general hotel businesses	151,000	151,000	15,100,000	94.375	194,363	(79,108)	(24,831)	Note 2
Founding Co.	Hsin-Long-Hsing Co.	6F No. 401, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City	Residential Houses and Buildings - development, leasing, and selling businesses	20,000	20,000	2,000,000	100	19,885	12	12	
Chien-Chiao Co.	FUSHIN Hotel Co.	No. 128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	catering and restaurant businesses - general hotel businesses	9,000	9,000	900,000	5.625	8,283	(79,108)	(4,449)	Note 3

Note 1: From January 1 to December 31, 2020, Founding Co. recognized incomes of Chien-Chiao Construction Co., Ltd. amounted to $25,400 thousand, an increase of realized gross profit amounted to $7,099 thousand, less effects from application of IFRS 16 amounted to $22 thousand.

Note 2: From January 1 to December 31, 2020, Founding Co. recognized losses of FUSHIN Hotel Co., Ltd. amounted to $74,658 thousand, plus effects from application of IFRS 16 amounted to $50,463 thousand and amortization on losses of sublease amounted to $636 thousand.

Note 3: From January 1 to December 31, 2020, Chien-Chiao Co. recognized losses of FUSHIN Hotel Co., Ltd. amounted to $4,450 thousand, plus effects from application of IFRS 16 amounted to $1 thousand.

Founding Construction Development Corp.

Information on Major Shareholders
December 31, 2020

Shareholder's name	Shares	
	Number of Shares	Percentage of Shares
Mei-Hsiung Investment Co., Ltd.	56,347,212	19.75%
Syntain Co., Ltd.	25,718,571	9.01%
Fu-Long-Chang Investment Co., Ltd.	16,699,000	5.85%
Fu-Hsiung Investment Co., Ltd.	15,299,416	5.36%

Note 1: Information on major shareholders in this table is provided by Taiwan Depository & Clearing Corporation according to information on shareholders holding at least 5% or greater of ordinary shares and preferred shares (including treasury shares) that have been issued and delivered without physical registration by the Company on the last business day at the end of the current quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For a shareholder who declares its shareholdings as an insider holding more than 10% of shares in accordance with the Securities and Exchange Act, such shareholding information shall include shares held by the shareholder and those delivered to the trust over which the shareholder has the right to determine the use of trust property. For information on declaration of shareholdings by insiders, please visit the Market Observation Post System.