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FOUNDING CONSTRUCTION DEVELOPMENT CORP.

2020 ANNUAL REPORT

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Overseas Securities Exchange
N/A

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I. Letter to Shareholders

Dear shareholders,

below is a summary report on the operation performance of the Company in the past year.

1. Operating Performance in 2020

(1) Performance of Business Plans

Affected by the COVID-19 pandemic in 2020, the momentum of economic growth has been drastically slackened and impacted the global trade. Although the research and development of vaccines and drug therapies will help consumers and enterprises to restore economic activities, the influence of COVID-19 on the economy may continue for a period of time. In addition, global actions, such as countries' active support for expansionary policy, the multifaceted opposition between the United States and China, other geopolitical risks, and the political gridlock caused by growing tensions of cross-strait relations, are all closely tied to the development of various economic sectors. From the aspect of domestic market, international business and the tourism industry have been under great hit by the pandemic. Foreign consumption has declined to nearly zero while the domestic demand has been gradually recovering as the pandemic is slowing down in Taiwan. The government continues to promote "Three Major Programs for Investing in Taiwan" to attract domestic and overseas funds, and with the expanding construction of offshore wind power facilities and the "Reconstruction of Urban Unsafe and Old Buildings" policy, the momentum of private investments is expected to heat up and hold up a stable economic growth.

From the aspect of the domestic real estate market, after the U.S.-China trade war, the repatriation of overseas funds and the transformation of global supply chain have spurred the development of industrial real estate. The housing market demand is shifting toward rigid demands of self-occupied properties and house changing. The annual growth rate of transferring ownerships is 30% in the second half of 2020, which reflects huge short-run demands from the market. However, the construction industry is facing a dilemma of rising wages and raw material prices, and particularly severe shortage of manpower. There are also several other disadvantages making it more difficult for the construction industry to operate, including lower birth rate, salary stagnation, the impact of COVID-19, and the increased bargaining power of consumers having taken a more conservative stance in a buyers' market of real estate, which leads to a delay in the transaction schedule.

In response to multiple challenges faced by the construction industry, we are, in addition to our business commitment and continuous land development, actively integrating urban renewal programs and joint construction projects. We are simultaneously devoted to hotel operations in order to stabilize our business revenue and break a new path for steady income.

The economic situation, fluctuation of stock markets and regulatory restrictions all have direct impacts on the overall operation of construction companies. Total consolidated revenue for 2020 was NT$3,834,898 thousand, an increase of NT$1,631,542 thousand over NT$2,203,356 thousand in 2019. Consolidated net profit was NT$242,758 thousand, an increase of NT$148,420 thousand over NT$94,338 thousand in 2019. Facing rigorous market challenges, we will still uphold a conscientious attitude and adjust countermoves at any time in order to create the greatest interests for our shareholders.

(2) Budget Implementation

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company is not required to prepare financial forecasts for 2020.

(3) Financial Results and Profitability Analysis

Unit: NT$ thousand

	2020	2019	+/(-)	+/(-) %
Operating Revenue	3,834,898	1,631,542	2,203,356	135.05%
Operating Costs	3,234,290	1,152,499	2,081,791	180.63%
Gross Profit	600,608	479,043	121,565	25.38%
Operating Expenses	287,190	308,782	(21,592)	(6.99%)
Net Operating Income	313,418	170,261	143,157	84.08%
Net Profit	242,758	94,338	148,420	157.33%
EPS	0.85	0.33	0.52	157.58%

	2020 (consolidated)	2019 (consolidated)
Debt to asset ratio (%)	46.80	51.03
Long-term capital to property, plant and equipment (%)	203.44	193.74
Current ratio (%)	209.58	184.49
Quick ratio (%)	16.32	11.12
Interest Coverage Ratio (x)	7.55	2.70
Return on assets (%)	1.90	0.99
Return on shareholders' equity (%)	3.28	1.27
Ratio of income before tax to paid-in capital (%)	9.56	4.03
Profit margin (%)	6.33	5.78
Adjusted EPS (NT$)	0.85	0.33

(4) Research and Development Status

(i) Architectural Design and Planning:
We make cautious assessment on location of products, characteristics of surroundings, consumer requirements and relevant construction regulations in order to produce designs that satisfy the needs of our customers.

(ii) Construction Project and Management:
For different cases, we devise the most suitable construction method and project management process in order to improve the quality of our products and reduce construction costs. We monitor construction schedule and cost control to strengthen the competitiveness of our products.

(iii) Market Research:
We make analysis and research on the real estate market and use such result as references for product positioning and formulation of marketing strategies to achieve sales targets. Also, we focus on the research of urban renewal and leisure industry with an eye to strengthening the foundation of our business with diverse approaches.

2. Business Plan in 2021

(1) Operating Philosophy

The Company upholds the values of honesty, quality and service. With an honest and responsible mind, we design safe, solid, personalized and technologized products under quality assurance requirements during the process, and provide the best customer service as our vocation. We will continue to strengthen our capacity in research and development, innovation, and comprehensive quality improvement with a goal to achieve business sustainability.

(2) Anticipated Volume of Sales and Basis

(i) Sales of Completed Projects: Founding Glion, Nan Ke Ming Men, Cosmos Technology, Universal Technology, Dong Hu Li Yuan, Fu Gui Ming Di, Jin Lian Xi Zhi Building, Fu Ding Tech Building

(ii) Cases anticipated to finish in 2021 and 2022: United Tech Building A, United Tech Building B

(3) Important Production and Marketing Policies

(i) Production Strategy
We undertake land developments based on economic prospects, and actively participate in the bid of government projects for state-owned lands at ideal development locations and projects in prime market areas. Our purpose is to increase land acquisitions, and analyze and follow urban development plans so as to seize market niches. We also make complete programs, strictly select building materials and focus on quality to improve the added value of our products on the basis of site specificity and consumer needs.

In response to the increasing difficulties in acquiring land in prime districts and the urgent needs of the government to develop tourism industry, we have extended business to hotel operation and management. The Company has successively established hotels in the North, Central, and South of Taiwan, providing new accommodation options for business trips and tourism in anticipation to create additional sources of stable income.

(ii) Marketing Strategy

We collect complete real estate information and grasp precise market trends by means of concentrated market investigation and market analysis. We also properly adjust project launch schedule and strategy in accordance with the overall economic situation and regional market demands. We focus on program management and continuously reinforce our financial structure to seek stable business performance rather than a blind pursuit of quantity.

3. Future development strategy, impact of external competitive environment, regulatory environment, and macroeconomic environment.

(1) Impact of External Competitive Environment

The impact of the COVID-19 pandemic in 2020 has induced a global economic recession. Yet thanks to early intervention and preemptive preparation of the government, there has been no large-scale community infection in Taiwan despite several scattered confirmed cases. Except for depression in the real estate market initially caused by the anti-pandemic policy, the recent decline in mortgage rates as well as the support of capital have resulted in a stable recovery of the real estate market. Benefited from the huge demand of foreign companies investing in Taiwan and the return of manufacturers, the markets of industrial land and commercial real estate have warmed up. However, the construction industry still faces the problem of manpower shortage and increasing prices of raw materials, resulting in rising costs and relatively reduced profits.

Since the nature of the real estate industry is strongly regional, the competitiveness of individual products and the price comparison effect become relatively obvious among regions. We make effective market segmentation, overall planning and added values of products and accentuate product differentiation through online marketing to elevate competitiveness and profitability with a sound financial control system.

(2) Impact of Regulatory Environment

In order to cap the rising housing prices, the government vigorously promotes the “Real Value Registry Scheme 2.0”, which asks for full disclosure of address and declaration of pre-sale properties. Furthermore, the government plans to raise vacant house tax to increase carrying costs, and considers adopting selective credit control to decrease the second home loan-to-value ratio. Recently the Ministry of the Interior has strengthened their inspections in cases of violations of transaction contracts to curb market speculation.

Since changes of regulations have impact on the operation of the construction industry, the company will keep watching and conducting research on legislative changes and will seek countermeasures as soon as possible so that the Company can retain profits and safeguard the interests of our shareholders.

(3) Impact of Macroeconomic Environment

In the first half of 2020, the global economy was hard hit by the outbreak of COVID-19. In order to control the spread of the pandemic, many countries resorted to various restrictive measures, resulting in a decline in consumption and investment momentum, as well as a rapid cooling of manufacturing and trading activities. Hence, many countries have launched several monetary policies and relief packages such as reduction of interest rate and bond purchase in order to stabilize economies. For the purpose of maintaining economic activities, we see more remote business opportunities, accelerated improvements of 5G networks and other technology applications, and a gradual economic recovery from the bottom in the second quarter. However, the constant waves of the current pandemic in some countries lead to uncertainty of the pace in global economic recovery, not to mention risks associated with rising tensions between the United States and China and the increasing global financial vulnerabilities.

Buy orders in the domestic real estate market have quickly returned with the palliation of COVID-19 and abundant funds. In addition, benefited from the U.S.-China trade war, capital and industries of Taiwan have repatriated to the island successively, and this is relatively optimistic for the prospect of Taiwan’s commercial real estate market. On the other hand, the deepening relation between Taiwan and the United States affects Mainland China’s political and military threats to Taiwan; cross-strait uncertainties remain high. Domestically, the market supply has reached a new high, yet it requires continuous observation to find out whether the demand of the market will change from rigid demand to pseudo demand affecting the housing market.

The future development strategy of the Company will still mainly focus on Build to Order, supplemented by joint construction and urban redevelopment. In terms of locations, it will be more concentrated on CBDs with a primary target on the traditional downtown areas of Taipei City, New Taipei City, and Tainan City, and a secondary target on readjustment areas in those cities. The Company will pursue stable and profitable growth by quality over quantity. As for commercial offices, we will continue to invest in superior areas and products with stable rental income, in expectation of generating more revenue. Also, we are actively investing in the tourism and business travel industries. Although the hotel industry and its revenue have been deeply affected by the pandemic, branches of FUSHIN Hotel in the North, Central and South of Taiwan are all closely following the development of COVID-19, adjusting their operation strategies and taking this chance to upgrade facilities to reduce damage caused by the pandemic and to optimize operation foundation after the pandemic. In addition to profitable growth, the pursuit of stable growth and sustainability is also at the heart of our business efforts.

We look forward to shareholders' support and advice, and wish everyone good health and all the best.

Sincerely,

LIU, HSIN-HSIUNG
Chairman

I. Company Profile

2.1 Date of Incorporation: April 20th, 1991

2.2 Company History

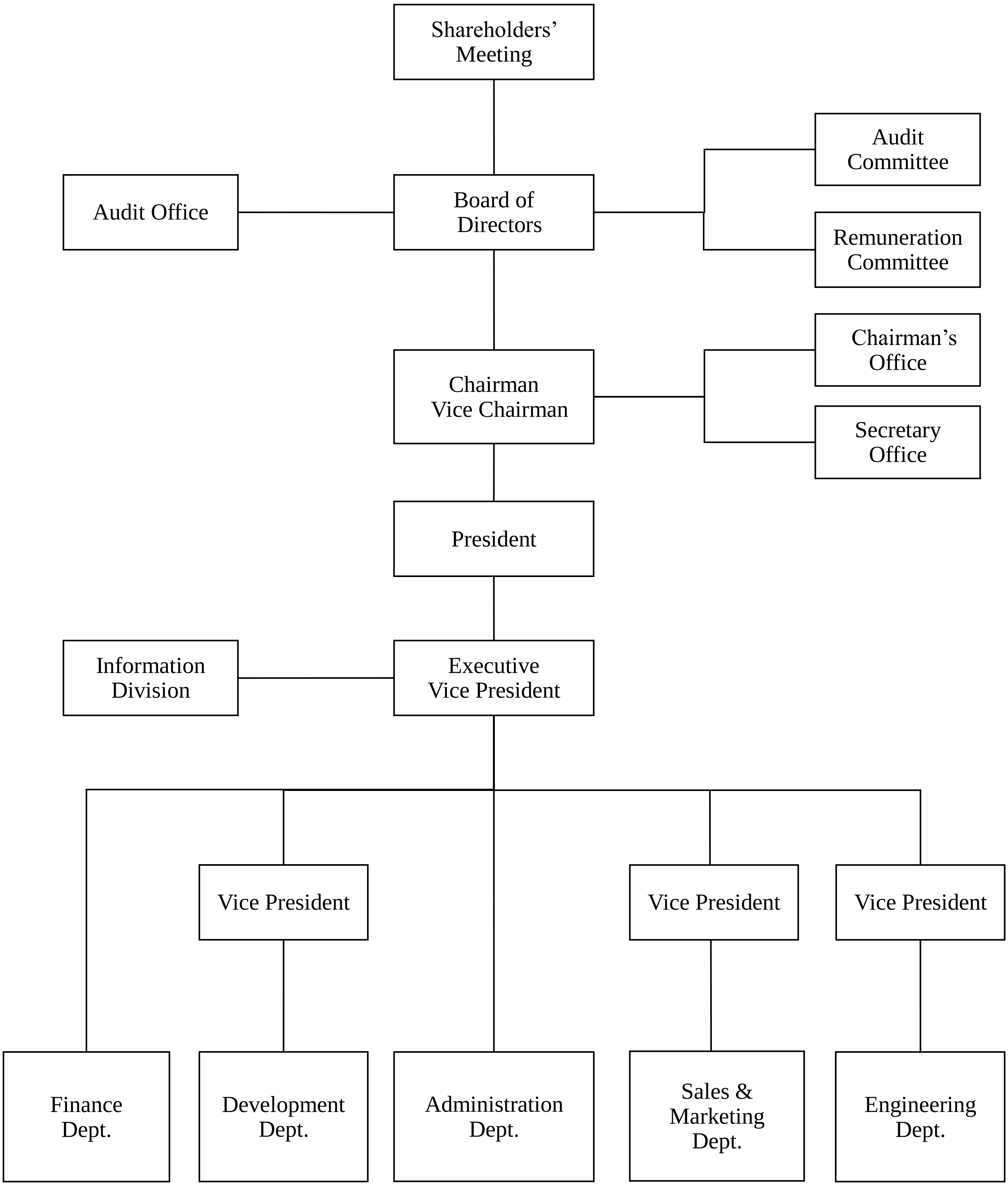
Year	Milestones
1991	Founded on April 20th, 1991 with NT$60 million capital. Projects: Royal Housing, Great Lake Treasure
1993	Projects: Royal Housing II, Great Lake Miracle, Royal Dazhi, Tripod Dazhi
1994	Increased NT $60 million by cash to reach NT$120 million of paid-in capital. Project: Yang Ming Fuyi
1995	Project: Asia-Pacific Economic Center
1997	Increased NT$200 million by cash and NT$12million by earnings to reach NT$332 million of paid-in capital. Approved for public offering by the Securities and Futures Commission of the Ministry of Finance. Direct investment in You-Ming Engineering Ltd., and San-Fu Plastics Industrial Corp. The Company received the “Ten Outstanding Architecture Award of R.O.C”. Projects: Asia-Pacific Economic Center 2, International Economic Center
1998	Increased NT$200 million by cash, NT$83million by earnings and NT$1million by employee bonus to reach NT$616 million of paid-in capital. Invested NT$27.1488 million in You-Ming Engineering Ltd, bringing a total investment to NT$34.3488 million. Embarked on vertical integration. Project: Centurial Economic Center
1999	Increased NT$184.8million by earnings and NT$2.8million by employee bonus to reach NT$803.6 million of paid-in capital. Received “Architecture and Investment Industry Identification Mark Certificate” from the Ministry of Interior, RO.C. Acquired ISO-9002 Quality Management Systems Certification Sold all shares of You-Ming Engineering Ltd. Projects: International Star, Centurial Star
2000	Increased NT$281.26 million by earnings and NT$4.02 million by employee bonus to reach NT$1,088.88 million of paid-in capital. Projects: Centurial Treasure, Great Tripod Technology, National Tripod Technology, Apex Technology
2001	Increased NT$163.332 million by earnings and NT$5.788 million by employee bonus to reach NT$1,258 million of paid-in capital. Invested NT$46.8 million in Chien-Chiao Construction Co., Ltd and embarked on vertical integration. Sold all shares of San-Fu Plastics Industrial Corp. Approved of the Over-The-Counter (OTC) listing application and trading. Projects: Asia Technology, Wright Technology, Fute Technology, Top Tripod Technology
2002	Reduced NT$100million by repurchase and cancellation of treasury shares. Paid-in capital after reduction was NT$1,158 million.
2003	Reduced NT$8 million by repurchase and cancellation of treasury shares. Paid-in capital after reduction was NT$1,150million. Projects: Pu Garden, Li Garden
2004	Invested NT$5 million in Chien-Chiao Construction Co., Ltd, which became a wholly-owned subsidiary of the company. Projects: Founding Li Garden, Chong-Shan Mandarin
2005	Increased capital by capital surplus to reach NT$1,184.5 million of paid-in capital. Expanded business through diversification by investing a total amount of NT$47.86 million in Hua-Nano Technology Corp.

	Projects: Tripod Garden, Founding Li Garden District, Century Plaza, Century Plaza District, Founding Li Garden II
2006	Increased capital by earnings and capital surplus to reach NT$1,250 million of paid-in capital. Projects: Founding Garden and Villa, Taipei Mandarin, Min-Quan Condominium, Founding Li Garden III
2007	Increased capital by earnings to reach NT$1,442 million of paid-in capital. Sold all shares of Hua-Nano Technology Corp. Projects: Wen-De Mandarin, Sun Technology, Founding Yi-Pin
2008	Approved of the Taiwan Stock Exchange listing application and trading (Code-5533). Projects: Tripod Plaza, FUSHIN Hotel, Founding Garden Plaza
2009	Reduced NT$3.72million by repurchase and cancellation of treasury shares. Paid-in capital after reduction was NT$1,659.28million. Increased capital by earnings to reach NT$1777.75 million of paid-in capital. Projects: Dun-Nan Condominium, Scandinavian Parlor, FUSHIN Technology, East Garden Condominium
2010	Grew business through diversification by investing NT$36 million in FUSHIN Hotel Co., Ltd. Increased capital by earnings to reach NT$1,940.29 million of paid-in capital. Projects: Bai-Ji Condominium, Wen-De Technology, FUSHIN Hotel- Taipei, FUSHIN Hotel, Taichung, Chong-Zheng Li Garden
2011	Increased capital by earnings to reach NT$2117.71 million of paid-in capital. Chien-Chiao Construction Co., Ltd increased capital by earnings to reach NT$120 million of paid-in capital. Project: United Tech Center
2012	Increased capital by earnings to reach NT$2269.828 million of paid-in capital. Chien-Chiao Construction Co., Ltd increased capital by earnings to reach NT$144 million of paid-in capital. Invested NT$40 million in FUSHIN Hotel Co., Ltd. (shareholding ratio: 76%) Projects: Royal Jade, Jing Garden, FUSHIN Hotel-Tainan
2013	Increased capital by earnings to reach NT$2431.696 million of paid-in capital. Chien-Chiao Construction Co., Ltd increased capital by earnings to reach NT$150 million of paid-in capital. Invested NT$60 million in FUSHIN Hotel Co., Ltd. (shareholding ratio: 85%) Projects: Founding Glion, Royal Condominium
2014	Increased capital by earnings to reach NT$2556.647 million of paid-in capital. FUSHIN Hotel Co. Ltd first reduced capital of NT$100 million to cover deficits and then increased capital of NT$100 million for operation purposes. Paid-in capital remained the same as NT$1,600 million. (shareholding ratio: 94.375%) Projects: FUSHIN Hotel NO. 2, Nan Ke Ming Men, Cosmos Technology, Universal Technology, Fu-Yi Tainan
2015	Increased capital by earnings to reach NT$2713.356 million of paid-in capital. FUSHIN Hotel-Taipei earned Five-Star Hotel Distinction. Project: FUSHIN Hotel-Tainan Branch
2016	Increased capital by earnings to reach NT$2852.449 million of paid-in capital. Established a wholly-owned subsidiary Hsin-Long-Hsing Construction Co. Ltd with a total investment of NT$20 million. Projects: Dong Hu Li Yuan, Fu Gui Ming Di
2017	Projects: Fu Ding Tech Building, Jin Lian Xi Zhi Building
2018	Projects: Founding Fu-Yi, United Tech Building B
2019	Projects: Founding Yi-Pin (Nan-Gang), United Tech Building A
2020	Projects: Founding Li Yuan(San-Chong), Star Technology, Li Ren Condominium

II. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
Chairman’s Office	1. Organizational structure development and operational process planning. 2. Planning and design of corporate equity and image.
Audit Office	1. Assess the effectiveness of the internal control system and provide appropriate improvement suggestions during the audit. 2. Offer evaluations, analyses and advice on business and operational performances.
Information Division	Planning, evaluation and implementation of information system and electronization.
Administration Dept.	1. Procurement and custody of facilities and supplies. 2. Development and management of human resources and general affairs.
Development Dept.	Data collection, investigation, research, analyses and development of land resources and real estate market.
Sales & Marketing Dept.	1. Market research and marketing execution. 2. After sales service and matters.
Engineering Dept.	Procurement contracting, construction cost estimating and assessment, and project execution planning and management.
Finance Dept.	1. Financial planning, fund movement and management. 2. Loan application, drawdown and pay-off. 3. accounting and taxation management.

3.2 Directors and Management Team

3.2.1 Directors

April 12, 2021

Title	Nationality/ Registration of Place	Name	Gender	Date Elected	Term (yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience （Education）	Other Position	Executives, Directors, or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Sytain Corp		6/9/2020	3	6/9/2020	25,718,571	9.02%	25,718,571	9.02%										
		Representative: Liu, Hsin-Hsiung	M		3	12/14/1992			6,683,941	2.34%	5,446,997	1.91%			Bachelor's Degree President: Chi-Long Construction Co., Ltd.	Chairman: Founding Construction Corp. Directorr : Syntain Corp.	President Representative Vice Chairman	Liu, Hua-Hsing Liu. Fang-Wen Liu, Min-Liang	Sibling Father-Daughter Father-Son	
Vice Chairman	R.O.C	Sytain Corp.		6/9/2020	3	6/9/2020	25,718,571	9.02%	25,718,571	9.02%										
		Liu, Min-Liang	M			6/9/2011			7,997,932	2.80%	2,247 ,000	0.79%			Bachelor's Degree	Vice Chairman: Founding Construction & Development Co., Ltd. Director: May-Hsiung Investment Co., Ltd. Owner: Syntain Corp. Supervisor: Fushin Hotel Co., Ltd.	Chairman	Liu, Hsin-Hsiung	Father-Son	
Director	R.O.C	Sytain Foundation		6/9/2020	3	6/9/2020	940,000	0.33%	940,000	0.33%										
		Representative: Liu, Fang-Wen	F			8/282008			8,398,837	2.94%					Bachelor's Degree Director of May-Hsiung Investment Co., Ltd.	Chairman: May-Hsiung Investment Co., Ltd Supervisor: Syntain Co., Ltd, and Fulongchang Investment Co., Ltd.	Chairman	Liu, Hsin-Hsiung	Father-Daughter	
Director	R.O.C	Wenrui Investment Ltd		6/9/2020	3	6/6/2014	549,209	0.19%	549,209	0.19%										
		Representative: Chiang, Guang-Hui	M			6/6/2014			1,006,985	0.35%	546,652	0.19%			College Degree Chief of Ruiyang Sub-District, Neihu	Director: Wen-Rui Investment Ltd.				
Director	R.O.C	Liu, Hua-Hsing	M	6/9/2020		6/9/2011	4,835,089	1.70%	4,835,089	1.70%	364,028	0.13%			Bachelor's Degree Specialist at Central Trust of China	President of Founding Construction & Development Co., Ltd.	Chairman	Liu, Hsin-Hsiung	Sibling	
Director	R.O.C	Ho, Ming-Hui	M	6/9/2020	3	4/30/2002	41,855	0.01%	41,855	0.01%	22,555	0.01%			Master's Degree GM in Taihsin Management and Technology Consultant Co., Ltd.	Representative of Fushin Hotel Co., Ltd.				
Independent Director	R.O.C	Lee. Shu-Lan	F	6/9/2020	3	4/7/2008	13,680	0.00%	13,680	0.00%	721	0.00%			Bachelor's Degree Sales Assistant Manager: Taiwan Securities Co., Ltd.	CFO: EBM Technologies				Director Starting Date: 4/29/2003
Independent Director	R.O.C	Chen, Bo-Yung	M	6/9/2020	3	4/7/2008	88,563	0.03%	88,563	0.03%	-	-			Master's Degree Vice Chairman: Entie Bank	Director: Top Union Electronics Corp.				
Independent Director	R.O.C	Hung, Lung-Ping	M	6/9/2020	3	6/9/2020	196,760	0.07%	196,760	0.07%	4,032	0.00%			Bachelor's Degree Manager: Pei-Sheng United Accounting Firm	Manager: Chuan-Hsin Accounting Firm Director: Shan-Hsin Consulting Ltd.				Supervisor (Newly Appointed) on 4/30/2008

Major shareholders of the institutional shareholders

Name of Institutional Shareholders	Major Shareholders
Syntain Corporation	Liu, Shu-Hung (30.83%)
Syntain Corporation	Liu, Fang-Wen (25.27%)
Syntain Corporation	Liu, Min-Liang (24.57%)
Syntain Corporation	Liu, Zi-Yan (7.60%)
Syntain Corporation	Liao, Shu-Mei (4.87%)
Syntain Corporation	Liu, Hsin-Hsiung (3.90%)
Syntain Corporation	Liu, En-Fei (1.86%)
Syntain Corporation	Huang, Dai-Xuan (0.60%)
Syntain Corporation	Liu, Xin-Cheng (0.50%)
Syntain Foundation	Liu, Hsin-Hsiung (30.00%)
Syntain Foundation	Liu, Fang-Wen (16.67%)
Syntain Foundation	Liu, Min-Liang (16.67%)
Syntain Foundation	Liu, Shu-Hung (16.66%)
Syntain Foundation	Liu, Hua-Hsing (10.00%)
Syntain Foundation	Liu, Hsin-Yi (10.00%)
Wenrui Investment Ltd	Chiang, Guang-Hui (46%)
Wenrui Investment Ltd	Chiang, Jei (24%)
Wenrui Investment Ltd	Lin, Shu-Mei (10%)
Wenrui Investment Ltd	Chiang, Pei (10%)
Wenrui Investment Ltd	Chiang, Hsin (10%)

Professional qualifications and independence analysis of directors

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Liu, Hsin-Hsiung (Representative of Sytain Corp.)			v		v				v	v	v	v		v	v	x
Liu, Min-Liang (Representative of Sytain Corp.)			v						v		v	v		v	v	x
Liu, Fang-Wen (Representative of Sytain Foundation)			v	v	v			v	v	v	v	v		v	v	x
Chiang, Guang-Hui (Representative of Wenrui Investment)				v	v		v	v	v	v	v	v	v	v	v	x
Liu, Hua-Hsing			v		v			v	v	v	v	v		v	v	x
Ho, Ming-Hui			v			v	v	v	v		v	v	v	v	v	x
Lee. Shu-Lan			v	v	v	v	v	v	v	v	v	v	v	v	v	x
Chen, Bo-Yung			v	v	v	v	v	v	v	v	v	v	v	v	v	x
Hung, Lung-Ping			v	v	v	v	v	v	v	v	v	v	v	v	v	x

Note: Please tick the corresponding boxes that apply to the directors and supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: **not** a director, supervisor or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: **not** a director (or governor), supervisor or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.2 Management Team

April 12, 2021

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C	Liu, Hua-Hsing	M	5/1/1994	4,835,089	1.70%	364,028	0.13%			Bachelor's Degree Specialist: Central Trust of China					
Executive VP	R.O.C	Tsao, Lo-Fang	M	1/1/2021	55,307	0.02%	-	-			National Taiwan University VP, Development Dept.					
VP. Sales& Marketing Dept.	R.O.C	Cheng, Jing-Hung	M	10/1/2005	261,661	0.09%	18,637	0.01%			High School Diploma Assistant VP, Sales & Marketing Dept.					
VP. Sales& Marketing Dept.	R.O.C	Mo, Jung-Fa	M	1/1/2007	183,540	0.06%					High School Diploma Assistant VP, Sales & Marketing Dept.					
VP. Engineering Dept.	R.O.C	Su, Yen-Ting	M	1/1/2007	332,678	0.12%					College Degree Assistant VP, Engineering Dept					
Assistant VP Administration Dept.	R.O.C	Liu, Yen-Hui	F	3/1/2004	216,162	0.08%					High School Diploma Assistant VP, Administration Dept.					
Assistant VP Audit Office	R.O.C	Liao, Wan-Ching	F	7/1/2010	145,498	0.05%					Bachelor's Degree Manager, Audit Office					
Assistant VP Development Dept.	R.O.C	Huang, Wen-Chu	F	7/1/2010	100,175	0.04%					Bachelor's Degree Manager, Development Dept.					
Assistant VP Finance Dept.	R.O.C	Cheng, Yen-Fen	F	1/5/2013	162,568	0.06%					Bachelor's Degree Manager, Finance Dept.					
Assistant VP Sales & Marketing Dept.	R.O.C	Hsu, Yang-Ting	M	1/5/2013	120,000	0.04%					National Open University Manager, Sales & Marketing Dept.					

3.2.3 Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None

3.3 Remuneration of Directors and Management Team

3.3.1 Remuneration of Directors and Independent Directors

Dec 31, 2020 / Unit: NT$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman (stepped down)	Liu, Hsin-Hsuing	750	750	5	5	150	150	6	6	0.38	0.38	-	-	-	-	-	-	-	-	0.38	0.38	None
Chairman	Syntain Corp. Representative: Liu, Hsin-Hsiung	350	350	7	7	210	210	12	12	0.24	0.24	-	-	-	-	-	-	-	-	0.24	0.24	None
Director (stepped down)	Liu, Min-Liang	-	-	-	-	150	150	6	6	0.06	0.06	1369	1369	18	18	200	-	200	-	0.72	0.72	None
Vice Chairman	Syntain Corp. Representative: Liu, Hsin-Hsiung	567	567	11	11	210	210	15	15	0.33	0.33	-	-	-	-	-	-	-	-	0.33	0.33	None
Director (stepped down)	May-Hsiung Investment Representative: Liu, Fang-Wen	-	-	-	-	150	150	6	6	0.06	0.06	-	-	-	-	-	-	-	-	0.06	0.06	None
Director	Syntain Foundation Representative: Liu, Fang-Wen	-	-	-	-	210	210	15	15	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
Director	Wenrui Investment Representative: Chiang, Guang-Hui	-	-	-	-	360	360	21	21	0.16	0.16	-	-	-	-	-	-	-	-	0.16	0.16	None
Director	Liu, Hua-Hsing	-	-	-	-	360	360	21	21	0.16	0.16	2741	2741	40	40	252	-	252	-	1.41	1.41	None
Director	Ho, Ming-Hui	-	-	-	-	360	360	21	21	0.16	0.16	-	1628	-	-	-	-	64	-	0.16	0.85	None
Independent Director	Lee, Shu-Lan	-	-	-	-	360	360	128	128	0.20	0.20	-	-	-	-	-	-	-	-	0.20	0.20	None
Independent Director	Chen, Bo-Yung	-	-	-	-	360	360	22	22	0.16	0.16	-	-	-	-	-	-	-	-	0.16	0.16	None
Independent Director (stepped down)	Lin, Shen-Yuan	-	-	-	-	210	210	55	55	0.11	0.11	-	-	-	-	-	-	-	-	0.11	0.11	None

Note: Re-election of directors was held on June 9, 2020 and thus information of both old and new directors is listed.
1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The Company evaluates the performance of directors, the level of participation and contribution in the operation of the Company, and references the operational performance of the Company and standards adopted by enterprises of the same industry. The remuneration proposal is discussed and advised by the Remuneration Committee, and later submitted to the Board of Directors for resolutions.
2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent directors.

3.3.2 Remuneration of the President and Vice Presidents

Dec 31, 2020 / Unit: NT$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowance (C)		Employee Compensation (D)				Ratio of Total Compensation (A+B+C+D) to Net Income		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Liu, Hua-Hsing	1970	1970	40	40	771	771	252	-	252	-	1.25	1.25	None
Executive VP	Liu, Min-Liang	909	909	18	18	460	460	200	-	200	-	0.65	0.65	None
VP	Cheng, Jing-Hung	924	924	97	97	476	476	174	-	174	-	0.69	0.69	None
VP	Mo, Jung-Fa	863	863	91	91	522	522	174	-	174	-	0.68	0.68	None
VP	Su, Yen-Ting	1046	1046	21	21	617	617	174	-	174	-	0.77	0.77	None
VP	Tsao, Lo-Fang	1056	1056	103	103	532	532	170	-	170	-	0.77	0.77	None

Note: Liu, Ming-Liang became the Vice Chairman on August 13, 2020

3.3.3 Managerial officers with the top five highest remuneration amounts

Dec 31, 2020 / Unit: NT$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowance (C)		Employee Compensation (D)				Ratio of Total Compensation (A+B+C+D) to Net Income		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Liu, Hua-Hsing	1970	1970	40	40	771	771	252	-	252	-	1.25	1.25	None
VP	Tsao, Lo-Fang	1056	1056	103	103	532	532	170	-	170	-	0.77	0.77	None
VP	Su, Yen-Ting	1046	1046	21	21	617	617	174	-	174	-	0.77	0.77	None
VP	Cheng, Jing-Hung	924	924	97	97	476	476	174	-	174	-	0.69	0.69	None
VP	Mo, Jung-Fa	863	863	91	91	522	522	174	-	174	-	0.68	0.68	None

3.3.4 Distribution of Employee Compensation

Dec 31, 2020 / Unit: NT$ thousands

	Title	Name	Employee Compensation		Total	Ratio of Total Amount to Net Income (%)
			Stock	Cash		
Executive Officers	President	Liu, Hua-Hsing	-	1910	1910	0.79
	Executive VP	Liu, Min-Liang				
	VP, Sales& Marketing Dept.	Cheng, Jing-Hung				
	VP, Sales& Marketing Dept.	Mo, Jung-Fa				
	VP, Engineering Dept.	Su, Yen-Ting				
	VP, Development Dept.	Tsao, Lo-Fang				
	Assistant VP, Administration Dept.	Liu, Yen-Hui				
	Assistant VP, Audit Office	Liao, Wan-Ching				
	Assistant VP, Development Dept.	Huang, Wen-Chu				
	Assistant VP, Finance Dept.	Cheng, Yen-Fen				
	Assistant VP, Sales & Marketing Dept.	Hsu, Yang-Ting				

3.3.5 Comparison of Remuneration for Directors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, President and Vice Presidents

The ratios of remuneration paid to directors, president and vice presidents of the Company and the companies in the consolidated financial statements in the last two years, to net income were 7.7% and 19.38%, respectively, in 2020 and 2019.

Remuneration of directors, president and vice presidents include salary, allowance, bonus, employee compensation and so on. The Company determines the remuneration based on the position held, education, experience, job tenure and responsibility, and references the standards adopted by enterprises of the same industry. Bonuses awarded to the president, vice president and employees are subject to the results of the company operations, but not to future risks.

3.4 Implementation of Corporate Governance

3.4.1 Operations of the Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in the previous period. The attendance record of director was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Director	Liu, Hsin-Hsiung	2	0	100	Stepped down on June 9, 2020
Director Representative	Syntain Co., Ltd. Liu, Hsin-Hsiung	3	1	75	Inaugurated on June 9, 2020
Director	Liu, Min-Liang	2	0	100	Stepped down on June 9, 2020
Director Representative	Syntain Co., Ltd. Liu, Min-Liang	4	0	100	Inaugurated on June 9, 2020
Director Representative	May-Hsiung Investment Liu, Fang-Wen	2	0	100	Stepped down on June 9, 2020
Director Representative	Syntain Foundation Liu, Fang-Wen	4	0	100	Inaugurated on June 9, 2020
Director Representative	Wenrui Investment Chiang, Guang-Hui	6	0	100	Renewed since June 9, 2020
Director	Liu, Hua-Hsing	6	0	100	Renewed since June 9, 2020
Director	Ho, Ming-Hui	6	0	100	Renewed since June 9, 2020
Independent Director	Li, Shu-Lan	6	0	100	Renewed since June 9, 2020
Independent Director	Chen, Po-Yung	6	0	100	Renewed since June 9, 2020
Independent Director	Lin, Shen-Yuan	2	0	100	Stepped down on June 9, 2020
Independent Director	Hung, Lung-Ping	4	0	100	Inaugurated on June 9, 2020

Other mentionable items:

1. If any of the following circumstances occurs, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: None
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: For the Manager and Employee Compensation Distribution Proposal discussed on March 18, 2020, directors Liu, Hua-Hsing and Liu, Min-Liang, then were managers of the Company, and thus recused from the proposal discussion and voting. For the Nomination and Review of Independent Director Candidates Proposal discussed on March 18, directors Lee Shu-Lan and Chen, Po-Yung, then were independent directors of the Company, and thus recused from the proposal discussion and voting. For the Manager Performance Bonus and Annual Bonus Distribution Proposal discussed on Nov 12, directors Liu, Hua-Hsing and Liu, Min-Liang, then were managers of the Company, and thus recused from the proposal discussion and voting.
3. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations." : The board of directors passed the "Evaluation of the Board of Directors" on August 13, 2020. Accordingly, the Company conducted the evaluation of the board of directors at the end of 2020, in which individual director, the board of director and functional committees completed self-performance reviews. The evaluation includes the following factors:

A. Their grasp of the Company's goals and missions;
B. Their recognition of director's (or the functional committee's) duties;
C. Their degree of participation in the Company's operations;
D. Their management of internal relationships and communications;
E. Improvement in the quality of decision making by the Board of Directors;
The results of the evaluation of the board of directors for 2020 have met the assessment standards and were reported to the Board of directors on March 17, 2021.

4. Measures taken to strengthen the functionality of the board: The Company has established independent director positions, an Audit Committee, and a Remuneration Committee to assist the board in carrying out its monitoring duties. Both committees, with professional teamwork and detachment, periodically report their activities and resolutions to the Board of Directors to help with business decisions.

3.4.2 Operations of the Audit Committee

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

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent Director	Lee, Shu-Lan	4	0	100	
Independent Director	Chen, Bo-Yung	4	0	100	
Independent Director	Lin, Shen-Yuan	1	0	100	Stepped down on June 9, 2020
Independent Director	Hung, Lung-Ping	3	0	100	Inaugurated on June 9, 2020

Other mentionable items:

1. If any of the following circumstances occurs, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: None
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act.
   (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):
   (1) Communications between the independent directors and the Company's chief internal auditor:
      A. The independent directors review internal audit reports and audit trail reports on a monthly basis.
      B. For every attendance at the meetings of the Audit Committee, the Company's chief internal auditor reports to the independent directors, communicates the execution conditions and results, and answers impromptu questions raised by independent directors.
   (2) Communications between the independent directors and CPAs:
      A. The Company's CPAs review quarterly corporate financial reports and communicate to the Audit Committee major transactions and other matters required by law and regulations after the review.
      B. The Company's CPAs execute audit operations on corporate financial reports, and communicate respectively to the Audit Committee the audit plans, risks, key audit matters, execution conditions and results at and after the audit planning stage.
   (3) The independent directors express no opinions on the matters communicated between themselves, the Company's chief internal auditor and CPAs.

3.4.3 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".	None
2. Shareholding structure & shareholders' rights				
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Company has designated a spokesperson and a deputy spokesperson to handle shareholders' suggestions and litigation and the like.	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company possesses the list of its major shareholders based on the Register of Shareholders provided by the stock transfer agent.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company has established relevant management operations with its affiliates.	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has established "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading" to forbid insiders trading on undisclosed information.	
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) The composition of the board of directors shall be determined by taking diversity into consideration. Board members shall have the necessary knowledge, skill, and experience to perform his/her duties.	None
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) The company does not establish other functional committees and will conduct a needs assessment when necessary.	
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(3) The company has formulated rules and procedures for evaluating the Board's performance and conducted the evaluation in 2020.	None
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The Company self-evaluates the independence of CPAs annually[1]. The evaluation results were submitted to the Board of Directors for deliberation and passed on May 14, 2020.	
4. Does the company appoint a suitable number of competent personnel and a manager responsible for corporate governance	V		The Company has appointed a managerial officer for corporate governance matters.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to the board meetings and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?				
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has a designated section on its website for stakeholders.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has designated Taishin International Bank Stock Affairs to deal with shareholder affairs.	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	 V V V		 (1) The Company has set up a corporate website to disclose information regarding the Company's financial standings. (2) The Company has assigned a dedicated unit to handle information collection and disclosure, and has established a spokesman system according to relevant regulations. (3) The Company has reported, announced, and filed both financial statements and monthly operating status according to relevant regulations.	 None
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the execution of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) The Company has established intact benefits system and compliance procedures for employee rights and wellness, and sustained long-term relationships with investors by spokesperson and those with suppliers. The Company has smooth communication channels with financial institutions, creditors, employees, customers, and suppliers, and discloses sufficient information (e.g., acquisition/disposals of assets, endorsement/guarantee matters) on MOPS for stakeholders' interests. (2) The Company has arranged training programs for directors. (3) Directors' attendance rates are high. (4) The Company has purchased liability insurance for directors and managers.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures: Improved the company website to offer more information on corporate governance.				

Note 1: Evaluation of Auditor Independence

Criteria / Name	Independence Criteria												
	1	2	3	4	5	6	7	8	9	10	11	12	13
I-Chen Lu	V	V	V	V	V	V	V	V	V	V	V	V	V
Yi-Hui Lin	V	V	V	V	V	V	V	V	V	V	V	V	V

Independence Criteria:

1. The CPA shall not have significant financial interests in the Company.
2. The CPA shall avoid any improper relationship with the Company.
3. The CPA shall ensure that their assistants be honest, fair and independent.
4. The CPA will not audit financial statements of any company where they have served in the previous two years.
5. No other act or document shall be made in the name of the CPA.
6. The CPA shall not own any share of the Company.
7. There shall not be any borrowing or lending of money between the CPA and the Company. However, this will not apply if the client is a financial institution, and the borrowing or lending is part of a normal business relationship.
8. The CPA shall not have any co-investment or profit-sharing relationship with the Company.
9. The CPA shall not undertake any recurring work for the Company and in exchange receive fixed salaries.
10. The CPA shall not be involved in any managerial function of decision-making of the Company.
11. The CPA shall not engage in businesses which may deprive it, him or her of independence.
12. The CPA shall not be the spouse, or any lineal relative, relative by marriage, or collateral relative within the fourth degree of relationship, of any managerial officer of the Company.
13. The CPA shall not receive any commissions in association with its, his or her businesses.

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

The Remuneration Committee of the Company is composed of three members, including Lee Shu-Lan, Hung, Lung-Ping, and Liu, Chia-Yuan. The Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, and the evaluation of the directors' and executives' compensation.

A. Information of Remuneration Committee Members

Title[1]	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria[2]										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks[3]
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Lee, Shu-Lan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	
Independent Director	Lin, Shen-Yuan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	Stepped down on August 13,2020
Independent Director	Hung Lung-Ping			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	Inaugurated on August 13,2020
Other	Liu, Chia-Yuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	

Note:

1. Please indicate the position- director, independent director, or other.
2. Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.
   (1). Not an employee of the company or any of its affiliates.
   (2). Not a director or a supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
   (3). Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
   (4). Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer listed under (1) or any of the persons in (2) and (3).
   (5). Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
   (6). If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(7). If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(8). Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.

(9). Not a professional individual who, or an owner, partner, director, supervisor or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10). Not been a person of any conditions defined in Article 30 of the Company Law.

B. Attendance of Members at Remuneration Committee Meetings

(1) There are three members in the Remuneration Committee.

(2) Term of Office: from August 13, 2020 to June 8, 2023. A total of two (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Convener	Lee, Shu-Lan	2	0	100	
Committee Member	Lin, Shen-Yuan	1	0	100	Stepped down on August 13,2020
Committee Member	Hung, Lung-Ping	1	0	100	Inaugurated on August 13,2020
Committee Member	Liu, Chia-Yuan	2	0	100	

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

3.4.5 Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? [3]		V	The Company has not yet established risk-related management policies or strategies.	The Company has not yet established risk-related management policies or strategies, and will do so in accordance with the corporate development and government regulations.
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?		V	The Company has not yet established such managers and the matter is under discussion.	The Company will do so in accordance with the corporate development and government regulations.
3. Environmental issues				
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(1) The Engineering Department monitors contractors for the following pollution preventions: air pollution, noise pollution, waste pollution and sewage pollution. The Company endeavors to build a "zero-pollution, zero-accident" workplace.	None
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2) The Company implements environmental protection policies, and classifies, recycles and reuses waste by the nature in accordance with the waste control regulations of the Environmental Protection Administration. The Company also introduces concepts of green buildings and green building materials to each construction project.	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		(3) The Company complies with the air-conditioning temperature limit regulations of the Taipei City Government for office buildings, and at the same time implements smoke-free public places policy in accordance with the Tobacco Hazards Prevention Act.	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?		V	(4) The Company classifies, recycles, and reuses waste by the nature in accordance with the waste control regulations, and also introduces concepts of green buildings and green building materials to each construction project. The engineering department has asked the construction company to build a "zero-pollution, zero-accident" workplace.	
4. Social issues				
(1) Does the company formulate appropriate management policies	V		(1) The Company enacts work rules and relevant human resources management	None

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
and procedures according to relevant regulations and the International Bill of Human Rights?			rules in accordance with the Labor Standards Act to protect the rights and interests of its employees, and convenes labor-management conferences for the purpose of enhancing harmony in labor-management relations and creating a win-win vision for both sides.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		(2) The Company establishes various employee benefits measures in accordance with the Labor Standards Act and other relevant regulations, provides market-competitive benefits as incentives to employees, and issues performance bonuses on a periodic basis to share business profits with its employees.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3) The Company implements occupational safety and health measures and provides a safer working environment to our employees through occupational safety and health training. The Company also organizes family trips and various activities for employees from time to time to relieve work pressure and strengthen solidarity among the employees.	
(4) Does the company provide its employees with career development and training sessions?	V		(4) The Company non-periodically conducts internal and external training programs that match employees' career development objectives.	
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		(5) For the marketing and labelling of products and services, the Company has complied with relevant regulations and international principles. The company has set up a toll-free number: 0800-007819 for questions or advice on products or services raised by consumers, and has accepted complaints through email, fax and phone anytime for consumer rights protection.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		(6) Before dealing with suppliers, the Company requests no prohibited and restricted substance in products and during production processes and take note of agreements related to compensation for breach of contract and cancellation of contract.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		V	The Company does not reference such standards or guidelines for reports that disclose non-financial information of the company.	The Company will do so in accordance with the corporate development and government regulations.
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies: The Company hasn't established CSR policies.				
7. Other useful information for explaining the status of corporate social responsibility practices: None				

3.4.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1) The Company conducts business activities in a fair and transparent manner to avoid making deals with unethical clients.	None
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(2) The Company formulates work rules for employee trainings sessions, promotes corporate ethical philosophies, and accepts operations of reports and complaints at anytime.	None
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		(3) The company enhances management system and execution against unethical conduct, and penalizes employees that violate rules and regulations according to the seriousness of the violation.	None
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) The Company conducts business activities in a fair and transparent manner to avoid making deals with unethical clients, and pays special attention to whether suppliers have unethical records.	None
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?		V	(2) The Company has not yet established such unit on a full-time or part-time basis. The Audit Office is responsible for executing assessment operations periodically and non-periodically, and reporting to the Board of Directors.	The company will establish a full-time or part-time unit for future corporate development needs.
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and	V		(3) The company enhances management system and execution against unethical conduct, and penalizes employees that violate rules and	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
implement it?			regulations according to the seriousness of the violation.	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		(4) The company has set up an audit office to periodically and non-periodically execute assessment operations.	None
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5) The Company advocates the ethical corporate philosophies and regulations at monthly meetings.	None
3. Operation of the integrity channel				
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) The Company has established reporting and punishment systems, and appointed appropriate persons for follow-up.	None
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(2) The Company has set up employee reporting procedures, including SOPs for investigations, and relevant post-investigation confidentiality measures.	None
(3) Does the company provide proper whistleblower protection?	V		(3) The Company is responsible for maintaining the confidentiality of whistleblowers, and never takes retaliation actions against them.	None
4. Strengthening information disclosure				
(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		(1) The Company has built a corporate website and disclosed ethical corporate management polices on the website.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: None				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): None				

3.4.7 Corporate Governance Guidelines and Regulations

The Company has established "Corporate Social Responsibility Best Practice Principles" in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and published the contents on the Company's website

3.4.8 Other Important Information Regarding Corporate Governance: None.

3.4.9 Internal Control Systems

A. Statement of Internal Control System

Founding Construction Development Corp.
Statement of Internal Control System

Date: March 17, 2021

Founding Construction Development Corp. (the "Company") states the following with regard to its internal control system of year 2020 based on the findings of its self-assessment:

1. The Company acknowledges that its Board of Directors and management are responsible for establishing, implementing, and maintaining an internal control system. The internal control system has been established and is a process designed to provide reasonable assurance of the effectiveness and efficiency of the Company's operations (including profitability, performance and safeguarding of assets); the reliability, timeliness, and transparency of the Company's reports and statements; and the compliance with applicable laws and regulations.

2. Any internal control system has inherent limitations. No matter how thoroughly designed, an effective internal control system can provide only reasonable assurance of accomplishing of the foregoing objectives. Moreover, the effectiveness of the internal control system may be subject to any change of environment or circumstance. Nevertheless, the Company's internal control system contains self-monitoring mechanisms which would enable the Company to take immediate remedial actions in response to any identified deficiency.

3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (the "Regulations"). The Regulations identify five key components of internal control during the management control process: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each such component includes several other elements. Please see details in the Regulations.

4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

5. Based on the result of such evaluation, the Company believes that, on December 31, 2020, it has maintained an effective internal control system (which includes the supervision and management of the Company's subsidiaries) that can assure achievement in the foregoing objectives such as operational effectiveness and efficiency, reliability, timeliness, and transparency of reports and statements, and compliance with applicable laws and regulations.

6. This statement is an integral part of the annual report and prospectus of the Company and will be made public. Any falsehood, concealment, or other illegality in the content thereof will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This statement was approved by the Board of Directors on March 17, 2021, with a unanimous consent of all 9 Directors attending the meeting.

Founding Construction Development Corp.

Chairman: LIU HSIN-HSIUNG

President: LIU HUA-HSING

B. The Company auditing its internal control system by a CPA shall disclose the CPA audit report: None

3.4.10 Penal Provisions

If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

Item	Date	Major resolutions
Shareholders' Meeting		
Shareholders' meeting	June 19 2020	1. Adoption of the 2019 business report and financial statements. 2. Adoption of the 2019 Profit Distribution Statement 3. Amendments to the Articles of Incorporation. 4. Amendments to the Rules of Procedure of Shareholders' Meeting 5. Amendments to the Operational Procedures for Endorsement and Guarantee. 6. Amendments to the Operational Procedures for Loaning of Company Funds 7. Election of the Directors.
Board Meeting		
Board meeting	March 18 2020	1. Proposal for bidding land. 2. Proposal of the 2019 distribution of director and employee compensation. 3. Proposal of the 2019 distribution of managerial officer's compensation. 4. Proposal of the adjustment of managerial officers' salary 5. Approval of the 2019 business reports. 6. Approval of the 2019 profit distribution statement. 7. Approval of the 2019 distribution of cash dividend. 8. Election of the Directors. 9. Amendment to the Articles of Incorporation and the Rules of Procedure of Shareholders' Meeting 10. Amendments to the Rules of Procedure of Board of Directors Meeting, and amendments to the Organizational Charter of the Remuneration Committee. 11. Issues on the convention of the Shareholders' Meeting 12. Proposal of the distribution ratio of the director and employee compensation. 13. Bank financing 14. Submission of the Statement of Internal Control 15. Nomination and review of the candidates of independent directors.
Board meeting	May 14 2020	1. Evaluation of auditor independence. 2. Evaluation of auditor performance. 3. Bank financing.
Board meeting	June 9 2020	1. Election of the chairman.

Board meeting	August 13 2020	1. Proposal of sales of land and building. 2. Appointment of the members of the Audit Committee. 3. Election of the vice chairman. 4. Bank financing 5. Formulation of the evaluation standards for the performance of the board of directors.
Board meeting	Sep 17 2020	1. Proposal of land acquisition.
Board meeting	Nov 12 2020	1. Proposal of the 2020 distribution of managerial officers' bonus. 2. Approval of the promotion and salary adjustment of managerial officers. 3. Proposal of the 2021 budget and business plans 4. Bank financing 5. Proposal of the audit plan of the second half of the year.
Board meeting	Jan 18 2021	1. Proposal for bidding land and building. 2. Amendments to the Operational Procedures for Acquisition and Disposal of Assets.
Board meeting	March 17 2021	1. Integration and development of building and land 2. Set up of a corporate governance manager. 3. Proposal of the 2020 distribution of director and employee compensation. 4. Proposal of the 2020 distribution of managerial officer's compensation. 5. Approval of the 2020 business reports. 6. Approval of the 2020 profit distribution. 7. Approval of the 2020 distribution of cash dividend. 8. Issues on the convention of the Shareholders' Meeting 9. Proposal of the distribution ratio of the director and employee compensation. 10. Bank financing 11. Amendments to the Rules for Election of Directors, and the Codes of Ethical Conduct for the Board of Directors and Managers 12. Formulation of the Rules for Inter-affiliate Financial and Business Operation. Amendments to the Organizational Chart of the Audit Committee, the Organizational Chart of the Remuneration Committee, the Rules for the Scope of Responsibility of the Independent Directors, and the Authorization and Deputy System. 13. Submission of the Statement of Internal Control 14. Review of 2021 Audit Fee

Major resolutions at the 2020 Shareholders' Meeting and executions:

(1) Adoption of the 2019 business report and financial statements.
Execution: public announcement and registration were made in accordance with regulations.

(2) Adoption of the 2019 profit distribution.
Execution: The record date of ex-dividend was set to July 5, 2020 and the distribution day was set to July 20,2020. (cash dividend NT$0.5 per share)

(3) Approval of amendments to the Articles of Incorporation.
Execution: Registration of change was completed in accordance with regulations.

(4) Approval of amendments to the Operational Procedures for Endorsement and Guarantee and for Loaning of Company Funds
Execution: Upload and registration of the contents were completed in accordance with regulations.

(5) Election of directors.
Execution: public announcement and registration were made in accordance with regulations.

3.4.12 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None

3.5 Information Regarding the Company's Audit Fee

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
Deloitte Touche Tohmatsu Limited	I-Chen Lu and Yi-Hui Lin	2020.01.01~2020.12.31	

Unit: NT$ thousands

	Fee Items / Fee Range	Audit Fee	Non-audit Fee	Total
1	Under NT$ 2,000,000			
2	NT$2,000,001 ~ NT$4,000,000	2,600	20	2,620
3	NT$4,000,001 ~ NT$6,000,000			
4	NT$6,000,001 ~ NT$8,000,000			
5	NT$8,000,001 ~ NT$10,000,000			
6	Over NT$100,000,000			

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
Deloitte Touche Tohmatsu Limited	I-Chen Lu Yi-Hui Lin	2,600	-	20	-	-	20	2020.01.01~ 2020.12.31	

(1) Non-audit fee paid to the accountants, CPA firm, and its associated enterprises accounted for more than 25% of the audit fee: None
(2) Replaced the CPA firm for auditing and the audit fee paid in the replacing year is less than the audit fee paid in the previous year: None
(3) The audit fee of the current year is less than the year before by more than 10%: None

3.6 Replacement of CPA: None

3.6.1 Regarding the former CPA: N/A

3.6.2 Regarding the successor CPA: N/A

3.6.3 Reply of the former CPA to Article 10-6-1, and 10-6-2-3: N/A

3.7 Audit Independence

The Company's Chairman, President, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates within the year.

3.8 Changes in Shareholding of Directors, Managers and Major Shareholders

3.8.1 Changes in Shareholding

Title	Name	2020		As of April 12, 2021	
		Holding +/(-)	Pledged Holding +/(-)	Holding +/(-)	Pledged Holding +/(-)
Chairman	Liu, Hsin-Hsiung	-	-	Stepped down on June 9, 2020	
Director	Liu, Min-Liang	-	-	Stepped down on June 9, 2020	
Director	Mei-Hsiung Investment	-	-	Stepped down on June 9, 2020	
Representative of Institutional Director	Liu, Fang-Wen	-	-		
Independent Director	Lin, Shen-Yuan	-	-	Stepped down on June 9, 2020	
Chairman	Syntain Corp.	-	(3,000,000)	-	-
Representative of Chairman	Liu, Hsin-Hsiung	-	-	-	-
Vice Chairman	Syntain Corp.	-	(3,000,000)	-	-
Representative of Vice Chairman	Liu, Min-Liang	-	-	(200,000)	-
Director	Syntain Foundation	-	-	-	-
Representative of Institutional Director	Liu, Fang-Wen	-	-	-	-
Director	Wenrui Investment	-	-	-	-
Representative of Institutional Director	Chiang, Guang-Hui	(130,000)	-	-	-
Director	Liu, Hua-Hsing	(250,000)	-	-	-
Director	Ho, Ming-Hui	-	-	-	-
Independent Director	Lee, Shu-Lan	-	-	-	-
Independent Director	Chen, Bo-Yung	-	-	-	-
Independent Director	Lin, Shen-Yuan	-	-	-	-
President	Liu, Hua-Hsing	(250,000)	-	-	-
Executive Vice President	Liu, Min-Liang	-	-	Redesignated to Vice Chairman on August 13, 2020	
Vice President	Cheng, Jing-Hung	-	-	-	-
Vice President	Mo, Rong-Fa	-	-	-	-
Vice President	Su, Yan-Ting	-	-	-	-
Vice President	Tsao, Lo-Fang	-	-	-	-
Assistant Vice President	Liu, Yen-Hui	-	-	-	-
Assistant Vice President	Liao, Wan-Jing	-	-	-	-
Assistant Vice President	Huang, Wen-Chu	(12,000)	-	-	-
Assistant Vice President	Cheng, Yen-Fen	-	-	-	-
Assistant Vice President	Hsu, Yang-Ting	-	-	-	-

Note: The election of directors was held on June 9, 2020. Both old and new information are listed.

3.8.2 Transfer of Shares

Name	Reason for Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Managers and Major Shareholders	Shares	Transaction Price (NT$)
Liu, Hua-Hsing	Gift	Jan.09, 2020	Chang, Chi-Hsuan	Grandparent-grandchild	125,000	15.90
Liu, Hua-Hsing	Gift	Jan.14, 2020	Liu, Yu-An	Grandparent-grandchild	125,000	15.90
Liu, Min-Liang	Gift	Jan. 8, 2021	Huang, Dai-Xuan	Spouse	200,000	16.10

3.8.3 Shares Pledge with Related Parties: None

3.9 Relationship among the Top Ten Shareholders

April 12, 2021

Name (Note1)	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Mei-Hsiung Investment Co. Ltd	56,347,212	19.75	-	-	-	-	-	-	
Representative: Liu, Fang-Wen							Liu, Hsin-Hsiung	Father-Daughter	
Syntain Corp.	25,718,571	9.02	-	-	-	-	-	-	
Representative: Liu, Min-Liang							Liu, Hsin-Hsiung	Father-Son	
Fu-Long-Chang Investment	17,579,000	6.16	-	-	-	-	-	-	
Representative: Liu, Shu-Hung							Liu, Hsin-Hsiung	Siblings	
Fu-Hsiung Investment	15,299,416	5.36	-	-	-	-	-	-	
Representative: Liu, Yue-Yun							Liu, Hsin-Hsiung	Father-Son	
Liu, Shu-Hung	8,772,401	3.08	-	-	-	-	Liu, Hsin-Hsiung	Father-Son	
Liu, Fang-Wen	8,398,837	2.94	-	-	-	-	Liu, Hsin-Hsiung	Father-Daughter	
Liu, Min-Liang	7,997,932	2.80	2,247,000	0.79	-	-	Liu, Hsin-Hsiung	Father-Son	
Liu, Hsin-Hsiung	6,683,941	2.34	5,446,997	1.91	-	-	Liu, Min-Liang	Father-Son	
Chang-Fu Investment	6,429,555	2.25	-	-	-	-	-	-	
Representative: Lin, Hsiang-Min							-	-	
Tsai, Yu-Hua	6,427,667	2.25	-	-	-	-	-	-	

Note 1: List all the Top Ten Shareholders. For institutional shareholders, list the names of the institutional shareholders and their representatives separately.
Note 2: The proportion of shareholding is calculated on the basis of the quantity of shares held by the person, spouse, children who are minors, or held in the name of a third party in total.
Note 3: The shareholders disclosed as mentioned include institutional shareholders or natural persons. The relation shall be disclosed in accordance with the Criteria for the Compilation of Financial Statements by Securities Issuers.

3.10 Ownership of Shares in Affiliated Enterprises

Unit: shares/ %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Chien Chiao Construction	15,000,000	100%	-	-	15,000,000	100%
FUSHIN Hotel	15,100,000	94%	900,000	6%	16,000,000	100%
Hsin-Long-Hsing Construction	2,000,000	100%	-	-	2,000,000	100%

Note: Long-term equity investment by the Company accounted for under the equity method.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Month /Year	Par Value (NT$)	Authorized Capital		Paid-In Capital		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	other
April, 1991	10	6,000,000	60,000,000	6,000,000	60,000,000	Initial Capital	None	-
Sept. 1994	10	12,000,000	120,000,000	12,000,000	120,000,000	Capital increase: NT$60 million by cash	None	-
July, 1997	10	90,000,000	900,000,000	33,200,000	332,000,000	Capital Increase: NT$200 million by cash and NT$12 million by earnings MOF, Tai-Tsai-Cheng(1) -No.53242 (July 3, 1997)	None	-
June, 1998	By cash: 12 By Earnings 10	90,000,000	900,000,000	61,600,000	616,000,000	Capital Increase: NT$200 million by cash and NT$84 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) -No.45729 (May 25, 1998)	None	-
July 1999	10	90,000,000	900,000,000	80,360,000	803,600,000	Capital Increase: NT$187.6 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) -No.54826 (June 3, 1999)	None	-
June 2000	10	160,000,000	1,600,000,000	108,888,000	1,088,880,000	Capital Increase: NT$285.28 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) -No.43092 (May 18, 2000)	None	-
Sep 2001	10	160,000,000	1,600,000,000	125,800,000	1,258,000,000	Capital Increase: NT$169.12 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) -No.142195 (July 2, 2001)	None	-
Nov 2002	10	160,000,000	1,600,000,000	115,800,000	1,158,000,000	Capital Reduction: NT$100 million by repurchase and cancellation of treasury shares. MOF, Tai-Tsai-Cheng(3) –No. 0910149111 (Sep 2, 2002) and No.0910156253 (Oct 16, 2002)	None	-
Dec 2003	10	160,000,000	1,600,000,000	115,000,000	1,150,000,000	Capital Reduction: NT$8 million by repurchase and cancellation of treasury shares. MOF, Tai-Tsai-Cheng(3) –No. 0920155800 (Nov 21, 2003)	None	-
August 2005	10	160,000,000	1,600,000,000	118,450,000	1,184,500,000	Capital Increase: NT$34.5 million by capital surplus FSC, Jin-Kuan-Cheng(1) -No.0940125009 (June 28,2005)	None	-
August 2006	10	160,000,000	1,600,000,000	125,000,000	1,250,000,000	Capital Increase: NT$65.5 million by earnings and capital surplus FSC, Jin-Kuan-Cheng (1) -No.0950126365 (June 26,2006)	None	-
August 2007	10	160,000,000	1,600,000,000	144,200,000	1,442,000,000	Capital Increase: NT$192 million by earnings and employee bonus FSC, Jin-Kuan-Cheng (1) -No.0960032882 (June 28,2007)	None	-

June 2008	10	250,000,000	2,500,000,000	166,300,000	1,663,000,000	Capital Increase: NT$221 million by earnings and employee bonus FSC, Jin-Kuan-Cheng (1) -No. 0970017707 (April 25, 2008)	None	-
March 2009	10	250,000,000	2,500,000,000	165,928,000	1,659,280,000	Capital Reduction: NT$3.72 million by repurchase and cancellation of treasury shares. FSC, Jin-Kuan-Cheng (3) -No. 0970070058 (Dec 22, 2009)	None	-
August 2009	10	250,000,000	2,500,000,000	177,775,293	1,777,752,930	Capital Increase: NT$118,472,930 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 0980033683 (July 7, 2009)	None	-
August 2010	10	250,000,000	2,500,000,000	194,029,781	1,940,297,810	Capital Increase: NT$162,544,880 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 0990033713 (June 30, 2010)	None	-
August 2011	10	250,000,000	2,500,000,000	211,770,994	2,117,709,940	Capital Increase: NT$177,412,130 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1000030070 (June 29, 2011)	None	-
July 2012	10	250,000,000	2,500,000,000	226,982,797	2,269,827,970	Capital Increase: NT$152,118,030 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1010028294 (June 26, 2012)	None	-
August 2013	10	250,000,000	2,500,000,000	243,169,643	2,431,696,430	Capital Increase: NT$161,868,460 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1020024518 (June 25, 2013)	None	-
August 2014	10	360,000,000	3,600,000,000	255,664,714	2,556,647,140	Capital Increase: NT$124,950,710 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1030023894 (June 24, 2014)	None	-
August 2015	10	360,000,000	3,600,000,000	271,335,579	2,713,355,790	Capital Increase: NT$156,708,650 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1040024163 (June 26, 2015)	None	-
August 2016	10	360,000,000	3,600,000,000	285,244,944	2,852,449,440	Capital Increase: NT$141,628,790 by earnings and employee bonus	None	-

B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares (Note: :Listed Shares)	Un-issued Shares	Total Shares	
Common Stocks	285,244,944	74,755,056	360,000,000	-

4.1.2 Status of Shareholders

April 12, 2021

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	6	34	4,592	39	4,671
Shareholding (shares)	0	31,793	134,700,274	142,124,560	8,388,317	285,244,944
Percentage	0.00%	0.01%	47.22%	49.83%	2.94%	100.00%

4.1.3 Shareholding Distribution Status

April 12, 2021

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	2,221	597,876	0.21
1,000 ~ 5,000	1,430	3,162,578	1.11
5,001 ~ 10,000	363	2,602,569	0.91
10,001 ~ 15,000	156	1,922,365	0.67
15,001 ~ 20,000	84	1,464,952	0.51
20,001 ~ 30,000	96	2,384,179	0.84
30,001 ~ 50,000	73	2,788,994	0.98
50,001 ~ 100,000	89	6,204,845	2.18
100,001 ~ 200,000	49	6,568,018	2.30
200,001 ~ 400,000	42	12,910,354	4.53
400,001 ~ 600,000	15	7,513,984	2.63
600,001 ~ 800,000	7	4,905,533	1.72
800,001 ~ 1,000,000	9	7,718,939	2.71
1,000,001 or over	37	224,499,758	78.70
Total	4,671	285,244,944	100.00

4.1.4 List of Major Shareholders

April 12, 2021

Shareholder's Name	Shareholding	
	Shares	Percentage
Mei-Hsiung Investment	56,347,212	19.75
Syntain Corp.	25,718,571	9.02
Fu-Long-Chang Investment	17,579,000	6.16
Fu-Hsiung Investment	15,299,416	5.36

Note: List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list.

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$

Items	2019	2020	01/01/2021- 04/15/2021 (Note 8)
Market Price per Share (Note 1)			
Highest Market Price	16.60	17.75	16.65
Lowest Market Price	15.40	12.9	16.35
Average Market Price	16.00	15.82	16.50
Net Worth per Share (Note 2)			
Before Distribution	25.72	26.08	-
After Distribution	25.22	(Note 9)	(Note 9)
Earnings per Share			
Weighted Average Shares (thousand shares)	285,245	285,245	285,245
Earnings Per Share (Note 3)	0.33	0.85	-
Dividends per Share			
Cash Dividends	0.5	0.6	-
Stock Dividends			
• Dividends from Retained Earnings	-	-	-
• Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends(Note 4)	-	-	-
Return on Investment			
Price / Earnings Ratio (Note 5)	48.48	18.61	-
Price / Dividend Ratio (Note 6)	32	26.37	-
Cash Dividend Yield Rate (Note 7)	3.13%	3.79%	-

Notes:
If stock dividends were paid by new shares from capitalization of retained earnings or additional paid-in capital, disclose the market price per share after adjustment in retrospect with the release of the new shares and information on cash dividend.
1. Specify the high and low market price of each common share in relevant years, and calculate the average market price of relevant year with reference to the trading value and volume.
2. Fill in the information on the basis of the quantity of outstanding shares on the last day of the year, and the resolution of the Shareholders' Meeting for distribution of the year.
3. If stock dividends were paid with retroactive adjustment, state the earnings per share before and after adjustment.
4. If the issuance of equity securities allowed for the accumulation of undistributed dividends of the year to the year with earnings as a condition for offering, disclose the undistributed dividends accumulated to current period.
5. Price / Earnings Ratio = Average Market Price / Earnings per Share
6. Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
7. Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price
8. The net value per share and the earnings per share should be included in the latest seasonal financial report as of the Annual Report printing date, which is audited (reviewed) by the accountant; the remaining columns should be filled in with the data of the current year as of the Annual Report printing date. 2021 Q1 financial reports were not yet completed as of the printing date.
9. Yearly earnings for 2020 have not been resolved by the Board of Directors yet.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

Where the Company has a profit after tax at the end of each fiscal year, the Company shall offset the accumulative losses (including adjustment of retained profits) and set aside a legal capital reserve at 10% of the remaining profits first provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the Company, and then set aside or reverse the remains as special reserve in accordance with relevant laws, rules and regulations. With the balance after deductions in the preceding paragraphs together with retained profits from preceding years (including adjustment of retained profits), the Board of Directors are authorized to prepare proposal for profits earnings distribution and adopt a resolution by a majority vote at a meeting of the Board of Directors attended by two-thirds or more of all the Directors to distribute dividends and bonuses in whole or in part in cash, and then report such distribution to the shareholders' meeting. Where distributing surplus profits by issuing new shares in accordance with the preceding paragraph, it shall be adopted by the resolution of the shareholders' meeting in accordance with Article 240 of the Company Act. About the distribution of dividends of the Company, the ratio for dividend in cash shall not be lower than 30% of total distribution.

B. Proposed Distribution of Dividend

The proposal for a cash dividend of NT$ 0.6 per share will be discussed and approved at the annual general shareholders meeting on June 10th, 2021.

4.1.7 The impact of the stock dividends proposed in the current Shareholders Meeting on the Company's operating performance and earnings per share: N/A

4.1.8 Compensation of Employees and Directors

A. Information Relating to Compensation of Employees and Directors in the Articles of Incorporation

The Company shall set aside 0.6% to 3% of the profits (before tax and before compensation distribution to the employees and Directors in any fiscal year) as employee compensation. The Board of Directors may resolve to distribute employee compensation in shares or cash. Employees of parents or subsidiaries of the Company meeting certain specific qualifications may be entitled to receive employee compensation. The Board of Directors may resolve to set aside not more than 2% of such profits for compensation for Directors.

B. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

① The amount of employee and Director compensation is calculated respectively as 2.2% and 1.19% of the amount of annual profits that might be distributed based on past experience of the Company.
② The calculation of the number of shares as employee compensation is determined based on the closing price of the day immediately before the date of the resolutions of the Board of Directors to issue new shares. The amount which is less than the value of one share should be distributed in cash.
③ If there is any difference between the actual distributed amount and the assessed figure, it shall be dealt with the rules of changes in accounting estimates and be carried into account for the year in which the resolutions of shareholders' meeting are made.

C. Distribution of Remuneration Resolved by the Board of Directors

Remuneration to employees and directors paid in cash or with stock dividends. If it is different from the estimated amount of the expense recognition year, the difference amount, cause, and treatment should be disclosed: Proposed remunerations to employees and directors are NT5.961million and NT$3.24 million respectively, which are not different from the estimated amount of expense recognition year.

The amount of stock dividends distributed to employees and their ratio to the net income and total remuneration to employees on the only and Individual Financial Report: N/A

D. Information of 2019 Distribution of Compensation of Employees, and Directors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee, or director compensation, additionally the discrepancy, cause, and how it is treated: The actual employee bonus and remuneration of directors, both paid by cash, were NT$3.394 million and NT$2.259 million respectively, and there was no discrepancy between the actual distribution and the recognized amount.

4.1.9 Buy-back of Treasury Stock: None

4.2 Bonds: None

4.3 Preferred Stocks: None

4.4 Global Depository Receipts: None

4.5 Employee Stock Options: None

4.6 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

4.7 Financing Plans and Implementation: None

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main Business and its Weight

① Contracted construction of residential properties, hotels, industrial factories, and commercial buildings for rent, sale, etc.
② Interior design and construction.
③ Introduction of house rental and sale, and agent service for sales of overseas real estate.
④ Operation and management of hotels and catering services.

The Company is mainly engaged in rental and sales of residential properties, hotels, commercial buildings and industrial factories built by construction companies contracted by the Company. The Company has actively participated in hotel operations in recent years, though construction revenue is still the main source of revenue of the Company.

B. Current Products (Services)

The main products of the Company are industrial office buildings, residential and commercial buildings, hotels and multi-dwelling units. The Company has also recently undertaken a couple of hotel operations.

C. New Products (Services) Planned to be Developed

①Reconstruction of old communities: To take active participation in urban renewal programs to accelerate the reconstruction of old communities in prime downtown areas.
② Multifunctional business hotels: Mixed-use hotels satisfying the diversified demands of worldwide businesspersons and providing cost-effective options for accommodation and catering services.
③ Construction, operation, and management of service apartments.
④ Construction of residences and suites near every major science park in Taiwan.

5.1.2 Industry Overview

A. Current Status and Future Development

In 2020, 310,744 houses were sold countrywide, which is a slight annual increase of about 5% compared with 300,000 houses sold in 2019. Experts and scholars are optimistic about the housing market in 2021, considering that under the ravage of COVID-19, many countries have eased their monetary policies and released extensive economic relief packages in response to sharp economic recessions, leading to upsurge of capital and that with the repatriation of overseas funds by Taiwanese enterprises, the housing market may grow up. The government is actively implementing policies for reducing property speculation plus costs of both labor and materials of construction have increased, and consumers' acquisition costs have become relatively high.

The impact of the escalating COVID-19 crisis has significantly reduced the number of overseas tourists and brought recession to the tourism industry in Taiwan. A large number of relevant businesses have been forced to lay off employees and reduce business scale; however, with the success of Taiwan's pandemic control and as the pandemic subsides, the government has been encouraging people to arrange domestic travels under the precondition of implementing personal pandemic prevention measures, which results in a "retaliatory tourism". Business opportunities in the hotel industry can only be created once the COVID-19 pandemic is brought under control and the border is reopened.

B. Relevance of Upstream, Midstream and Downstream

The construction industry in Taiwan is a conglomerate of different professional fields and advances with the times. With gradual shrinking of land supply, the construction development must be done through urban renewal, joint construction, integrated structure and superficies. The recent development of smart technology has also been reflected in applications of construction materials and facilities; the use of environmentally friendly and energy-saving construction materials has greatly improved the quality of architectural buildings. We not only make good use of diverse online resources, including big data for online marketing, online property sales and mobile applications to expand sales channels, but also integrate backend property management to provide customers with more complete and convenient services.

The hotel, in conjunction with its upstream suppliers (such as suppliers of food and beverage ingredients, room amenities, hardware and software) and downstream marketing channel partners (such as travel agencies and online booking platforms) gets a clear understanding of market demands, which can be further explored by social media, a key channel for communicating with customers. It is important to attract new generations of travelers by means of innovative and marketing techniques, so we rethink solutions that better meet the needs of travelers, and provide more comfortable and convenient, exquisite services to improve consumer satisfaction.

C. Product Trends and Competition

Worldwide easy monetary policies, the persistent low interest rate, and the proper control of the pandemic in Taiwan have boosted consumer confidence and willingness to purchase houses, serving as an impetus for supporting the housing market. Despite some government interventions, experts predict that the housing market, under the structure of low interest rate and high refugee capital, will reach a state of price-volume stability next year and will be on track for growth.

With COVID-19 continuing to spread, many countries have resorted to international border closures which restrict arrivals and departures of travelers around the world, having a knock-on effect on the global tourism industry. Even though there is proper control of the pandemic situation in Taiwan, driving populations for domestic travel with assistance plans from the government, there is still no way to fill the gap left by the loss of foreign travelers. In addition to the on-going promotion of the domestic tourism market, we also hope that the pandemic will soon be brought under control, and the border will be fully opened as soon as possible.

5.1.3 Research and Development: None

5.1.4 Long-term and Short-term Business Development Plans

A. Short-term Business Development Plan

After the implementation of a series of policies to reduce property speculation, it is expected that the soaring price driven by pre-sale housing may no longer be seen and the housing market would return to the fundamentals of supply and demand. We should timely adjust sales strategies in order to increase the willingness of consumers to buy self-owned properties and keep on improving revenue as well as performance.

The continuity of retaliatory tourism during the pandemic has been benefiting accommodation businesses. By taking advantages of government subsidy programs for domestic tourism, we keep promoting local tour packages to stimulate consumption and elevate hotel exposure and reputation. For our catering services, we aim to improve the development of new dishes as well as our services and quality of food and beverage, and avoid using US ractopamine pork to provide customers with quality dining environment and services.

B. Long-term Business Development Plan

The Company has diversified through participation in hotel operations and enhanced corporate image and brand. In our construction business, which is the main business of the Company, the Company actively searches and develops metropolitan districts with development potentials, and gradually cultivates a diversified portfolio of professional fields. We also vigorously construct and manage commercial buildings, business hotels, high-grade residences and high-quality industrial office buildings, and aggressively enhance the brand value and competitive advantage of the Company.

Once borders of the countries are gradually opened up and the economy becomes stable in the future, large-scale escorted tours in the past may turn into smaller tours or independent tours due to changes of people’s habits in the post pandemic era. We can cooperate with different partners in the tourism industry to strengthen the development of domestic travel market, with an expectation to disperse demands and risks of different markets. With an aging population, we will offer wellness diets and reinforce the uniqueness of food and beverage to enrich customers’ dining experience.

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Sales (Service) Region

Projects are mainly located in Greater Taipei Area and Tainan. Major projects in the last three years are listed as follows:

Year	Project	Sales Region	Household numbers	Year of Completion	Building Type
2020	Li Ren Condominium	North District, Tainan City	27	2024	condominium
2020	Star Technology	Neihu, Taipei City	24	2023	Factory and office building
2020	Founding Li-Yuan	Sang-Chong, New Taipei City	98	2022	condominium
2019	United Tech Building A	Xizhi, New Taipei City	22	2021	Factory and office building
2019	Founding Yi-Pin	Nangang, Taipei City	64	2023	condominium
2018	United Tech Building B	Xizhi, New Taipei City	22	2021	Factory and office building
2018	Founding Fu-Yi	Sang-Chong, New Taipei City	42	2020	condominium

B. Market Share

In 2020, the Company sold built and pre-sales houses primarily in the Greater Taipei area and Tainan City. According to the survey of real estate price index made by Cathay Real Estate, the total supply of projects countrywide is about NT$ 1,000 billion (as of the third quarter of 2020), and the supply of the Company is about NT$ 10.4 billion, constituting a market share of approximately 1% .

C. Future Demand & Supply and Growth of Market

① Supply: With the stable control of the pandemic, the market is growing positively. However, the construction industry has been facing labor shortage for a long time, and the pandemic has caused a shortage of construction materials and increase of wages. During the past year, the cost of construction per ping (3.30579 square meters) has risen from NT$ 10,000 to 20,000, which not only reduced profits, but also led increases in house prices.

Due to the pandemic, plenty of hotels closed permanently, such as Landis Taichung, Tayih Landis Tainan, Pleasant Hotels International. Nevertheless, there are still lots of new hotels opening, for instance, Hanns House, Ramada Encore by Wyndham Hualien, Kaohsiung Great Emperor Hotel, etc. With more and more hotels joining the industry, the oversupply of the domestic hotels renders a very competitive market.

② Demand: At present, most of the consumers in the real estate market are still self-owned home buyers while investors are the minority. So when under the raging of Covid-19, the housing market is facing a relatively small selling pressure compared with other financial markets, and properties remain a good store of value.

Affected by the pandemic this year, the number of inbound visitors has fallen sharply by more than 97%. Although the Tourism Bureau offers subsidy programs to promote domestic travel, it is still difficult to compensate for the decline of the international tourism flows. The impact is more severe in Northern Taiwan, and we see a downturn of the overall accommodation demand.

③ Growth: The pandemic actually facilitates the repatriation of overseas funds, driving transactions of major cases as the transaction value of all kinds of products has reached a new high. On the other hand, the growth of the commercial real estate market does not derive from the surge of short-term transactions or the soaring of overall unit prices, but from the substantial demand of medium-sized and large enterprises.

We hope that the global vaccination can effectively restrain the spread of COVID-19, helping countries to unseal international borders as soon as possible and the tourism industry to re-thrive.

D. Competitive Niches

The competitive niches of the Company are as follows:

① Development of Lands at Advantageous Locations: The sound land development strategies lay the groundwork for the stable growth of the Company.
② Attribute-Based Product Planning: Starting from a human centered approach, the Company designs appropriate, reasonable, convenient and comfortable space for use in response to the trend of aging population and lower birth rate.
③ Intelligent Architectural Design: The combination of intelligent building and IoT has become a modern architectural trend. The location, planning, hardware and software facilities, and energy-saving building materials are all the keys to success.
④ Strict Management of Construction: The Company strictly monitors the quality of each construction project, effectively controls the construction period, and continues to research and develop new construction techniques and new technologies.
⑤ Thorough After-Sales Services: The Company proactively maintains good interactions with our customers and provides satisfactory after-sales service at any time.
⑥ Sound Financial Management: The Company relies on a stable financial structure, flexible capital deployment and a steady corporate structure for each construction project. With a full grasp of the market trend, the Company is able to devise a large-scale development strategy to take the preemptive opportunities.
⑦ In addition to strengthening the advantages of the hotels, the Company will also enhance the maintenance of hotel facilities, improve the overall service quality, and provides guests with a home-away-from-home accommodation and dining experience.

E. Favorable and Unfavorable Factors of Development Prospect and Countermeasures

① Favorable Factors

Taipei City and New Taipei City offer convenient living and relatively developed infrastructure. Even though house prices are higher, real estates in these districts are still the prior choice for hedging purposes. The low interest rate, repatriation of overseas funds and other favorable conditions have helped the housing market to recover, causing a positive growth of regional economy. The capital effect has caused the stock market to remain rising. It is estimated that the real estate transactions in 2021 will remain active, which will greatly benefit the sales performance.

Following the continuous global development of COVID-19 vaccines, if borders soon get unsealed, a retaliatory rigid demand for tourism will emerge. The success of the pandemic control in Taiwan is expected to attract more tourists, which will benefit the overall operation of the hotel business.

② Unfavorable Factors

The cost of both labor and materials of construction has been rising. A good deal of limitations has forced consumers to increase their capital cost of buying a house. In terms of consumption expenditure, the stagnation of salary growth has restricted the overall consumption growth. The purpose of the combined taxation on house and land transactions, the real value registry scheme, the revision of upper limit of building capacity transfer, and the imposition of fiscal and taxation measures to increase the transaction cost of real estate is all to suppress the transaction fever in the housing market and restrain the opportunistic behavior.

In the area of tourism industry, as the pandemic is still spreading globally, countries keep tightening border controls, limiting the number of foreign entrants. Only if the pandemic is effectively controlled, the tourism industry can recover its prosperity.

③ Countermeasures of the Company

In the face of the above-mentioned disadvantages, the Company will take relevant countermeasures to strengthen its competitiveness as follows:

a. Prudently choosing districts for project development;
b. Emphasizing the quality of construction and shortening the work schedule of construction;
c. Improving the competitiveness of products;
d. Designing products targeted at first- and second-time home buyers
e. Maintaining a safety stock of land;
f. Increasing the brand value of the Company;
g. Providing comprehensive customer services;
h. Strengthening the development of domestic tourism market and employee training to improve the overall quality of hotel services and competitiveness.

5.2.2 Important Uses and Production Processes of Main Products

The Company is mainly engaged in the construction of public housing, industrial and commercial buildings, business hotels, tourist hotels and their rental or sales business, and the development of urban renewal projects. The important uses and production processes of main products are as follows:

A. Important Uses of Main Products
① Industrial and Commercial Buildings: office spaces and buildings;
② Public Housing: residences, shops and business suites;
③ Hotels: business hotels and tourist hotels.

B. Production Processes of Main Products
① Market Survey: Conducting routine survey on each factory, residential, built house, and pre-sale house case, and price inquiry of lands and houses.
② Land Development: Searching for lands with development value according to the result of market surveys.
③ Planning and Design: Positioning new products and designing products based on market surveys;
④ Sales Marketing: Pricing products and conducting commission sales or self-sales;
⑤ Construction: Strictly supervising the contractors' construction in accordance with permit drawings in order to ensure construction quality;
⑥ Completion and Handover: Obtaining user licenses, assisting customers to complete the procedures of acceptance and transfer of property rights, and ensuring the rights and interests of customers;
⑦ After-Sales services: Establishing a customer-oriented professional service and assisting customers in forming administration committees.

5.2.3 Supply Status of Main Materials

(1) Acquisition of Lands: The Company undertakes land development through brokerage relationships, bids of state-owned and private lands, or self-development. Based on the analysis of market surveys, we look for reasonably priced, well-located lands with appreciation potential. Projects will be carried out mainly as Build to Order, combined with joint construction and urban renewal.

(2) Construction Projects: Construction projects are undertaken by our re-invested subsidiary, Chien-Chiao Construction Co., Ltd, so that we can effectively control the schedule and quality of the projects.

(3) Construction materials: All construction materials are carefully selected from good domestic and foreign suppliers, and the main bulk of construction materials is mostly supplied by listed companies to ensure the source of supply and the stability of quality.

5.2.4 Major Suppliers and Clients

A. Major Suppliers in the Last Two Calendar Years (Please refer to the table on the next page)

Main Suppliers of the Company for Land Projects and Construction Projects:

① Land Projects: The Company is a construction company; the transaction counterparties are unspecified individuals or companies, so there is no main fixed supplier.

② Construction Projects: After careful evaluation and price negotiation of projects, we select class A constructers to control the project schedule and quality. At present, the reputation and degree of cooperation of our main contractors are excellent, and the quality and progress of their projects are also well controlled.

B. Major Clients in the Last Two Calendar Years (Please refer to the table on the next page)

In the recent two years, the Company has mainly been operating leasing and selling of residential and industrial office buildings. Most of the transaction counterparties are unspecified individuals or companies, so there is no fixed selling target.

Major Suppliers in the Last Two Calendar Years

Unit: NT$ thousands

Item	2019				2020				2021 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Chao-Teng Hydropower Engineering	161,799	18.11%	None	-				-			
2	Tung-Ho Steel	151,485	16.95%	None								
	Others	580,347	64.94%		Others	1,881,676	100.00%		Others			
	Net Total Supplies	893,631	100.00%		Net Total Supplies	1,881,676	100.00%		Net Total Supplies			

Note 1: Major suppliers refer to those commanding 10%-plus share of annual order volume.
Note 2: 2021 Q1 financial reports have not been completed as of the publication date of the annual report.

Major Clients in the Last Two Calendar Years

Unit: NT$ thousands

Item	2019				2020				2021 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	-				Taiwan Asset Management Corporation	1,171,418	30.55%		-			
2					Hsin-Li-Yi Investment	1,000,133	26.08%					
	Others	1,631,542	100.00%		Others	1,663,347	43.37%		Others			
	Net Total Sales	1,631,542	100.00%		Net Total Sales	3,834,898	100.00%		Net Total Sales			

Note 1: Major clients refer to those commanding 10%-plus share of annual order volume
Note 2: 2021 Q1 financial reports have not been completed as of the publication date of the annual report.

5.2.5 Production in the Last Two Years

Unit: NT$ thousands

Year / Output / Major Products	2019		2020	
	Quantity	Value	Quantity	Value
Fu Gui Ming Di	43	88,627	-	2,904
Founding Fu-Yi	-	121,753	-	68,386
Founding Yi-Pin	-	68,638	-	597,488
Asia-Pacific Tech. Park	-	640,757	22	393,482
United Technology	-	232,944	-	502,427
Li Ren Condominium	-	2,341	-	1,076
Founding Li-Yuan	-	8,331	-	12,674
Star Technology	-	6,249	-	11,558
Xing-An Section	-	-	-	318,109
Other cases	-	8,709	-	454
Hospitality Service Costs	-	425,500	-	317,808
Rental Costs	-	5,304	-	6,340
Total	43	1,609,153	22	2,231,896

Note 1: Quantity refers to the number of household completed in the stated year.
Note 2: Value refers to the total construction costs in the stated year, including costs of land, construction and capitalized interests.

5.2.6 Sales in the Last Two Years

Unit: NT$ thousands

Major Products \ Sales \ Year	2019		2020	
	Volume	Value	Volume	Value
Glion	8	204,766	8	203,999
Nan Ke Ming Men	62	302,325	38	191,908
Cosmos Technology	1	107,412	1	105,014
Universal Technology	1	104,785	2	184,264
Dong Hu Li Yuan	8	242,686	7	239,366
Fu Gui Ming Di	-	-	14	128,956
Royal Condominium	-	-	1	22,365
Asia Technology Tech Park (Jin Lian Xi Zhi)	-	-	22	1,171,418
Da-Qian Department Store (TDR)	-	-	-	192,742
Land Sales Revenue	-	-	-	1,000,133
Construction Revenue	-	48,369	-	46,923
Rental Revenue	-	12,651	-	8,881
Hospitality Service Revenue	-	608,548	-	338,929
Total	**81**	**1,631,542**	**93**	**3,834,898**

Note: Sales volume and sales value are recorded based on the number of households with operating revenues recognized in the current year and the actual amount of revenues recognized based on contract prices.

5.3 Human Resources

Year		2018	2019	Data as of April 12, 2021
Number of Employees	Employees	439	365	368
	Total	439	365	368
Average Age		38.48	40.06	40.22
Average Years of Service		4.12	4.83	4.92
Education	Ph.D.	0%	0%	0%
	Masters	1.59%	0.82%	1.09%
	Bachelor’s Degree	61.73%	64.39%	65.22%
	Senior High School	26.42%	24.93%	24.45%
	Below Senior High School	10.25%	9.86%	9.24%

Note: The number specified shall be the information as of the publication date of the annual report.

5.4 Environmental Protection Expenditure

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None

5.5 Labor Relations

5.5.1 Employee Welfare

Provision and Implementation of Employee Benefits, Advanced Studies, Training, and Retirement Plans; Labor-Management Agreement and Measures of Employee Rights Protection

A. Employee Benefits

① Employee Benefits: The Company has, in accordance with relevant laws, established the Employee Welfare Committee which is responsible for coordinating various employee welfare activities. The Company also allocates funds required for welfare activities in accordance with relevant laws and regulations.

② Labor Insurance and Health Insurance: All employees of the Company have enrolled or cancelled insurance policies in accordance with relevant government regulations.
③ Employee Training: The Company enables its employees to learn from work and satisfy their high thirst for knowledge.
④ Staff Uniform: The Company customizes winter and summer uniforms for employees.
⑤ Employee stock bonus plan.
⑥ Wedding and funeral subsidies, and education scholarships for children
⑦ Other Benefits: Bonuses for dragon boat festival, mid-autumn festival, and lunar new year; allowances for personal birthday and childbirth; year-end party giveaways; year-end bonus; and lending of books, magazines and audio-visual materials.

B. Retirement Plan and Implementation

The Company makes monthly contributions to the labor retirement reserve funds in accordance with relevant laws and deposits those funds in the labor retirement reserve fund account, and formulates the employee retirement regulation to protect employees' retired lives. The employee retirement regulation and the standards for payment of labor pension are handled in accordance with the worker retirement regulation of the Company.

C. Labor-Management Agreement:

The labor-management relation of the Company is harmonious; so far there is no labor dispute and loss.

5.5.2 Labor Disputes

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None. The Company will improve consultation with human resources and legal counsels, set out clear labor contracts, ameliorate the working environment, and strengthen the labor-management relationship.

5.6 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Long-Term Debt Contract	Land Bank, Xi-Zhi Branch	2013.09.16-2028.09.16	Collateral: Fushin Hotel-Taipei	-
Long-Term Debt Contract	Chang Hwa Bank, Yong-Chun Branch	2016.05.23-2036.05.23	Collateral: Fushin Hotel- Taipei No. 2	-
Long-Term Debt Contract	Taiwan Bank, Jian-Guo Branch	2012.07.02-2027.07.02	Collateral: Fushin Hotel- Taichung	-
Long-Term Debt Contract	First Bank, Ren-Ai Branch	2010.11.23-2025.11.23	Collateral: Fuward Hotel Tainan	-
Long-Term Debt Contract	Hua-Nan Bank, Nan-Neuihu Branch	2018.02.26-2033.07.27	Collateral: Fushin Hotel-Tainan	-
Long-Term Debt Contract		2020.09.30-2025.09.30	Collateral: 3rd floor of White House Building	-
Long-Term Debt Contract	Taichung Bank, Neihu Branch	2013.04.22-2023.04.22	Collateral: Land on Min-Zu Road Taichung	-
Construction Contract	Chien-Chiao Construction	2017.04-Completion	Contracting: Fu Gui Ming Di	-
Construction Contract	Chien-Chiao Construction	2017.11-Completion	Contracting: Fu Ding Tech Building	-
Construction Contract	Chien-Chiao Construction	2018.08-Completion	Contracting: Founding Fu-Yi	-
Construction Contract	Chien-Chiao Construction	2019.02-Completion	Contracting: United Technology Building B	-
Construction Contract	Chien-Chiao Construction	2019.04-Completion	Contracting: Founding Yi-Pin	-
Construction Contract	Chien-Chiao Construction	2019.09-Completion	Contracting: United Technology Building A	-
Construction Contract	Chien-Chiao Construction	2020.03-Completion	Contracting: Founding Li-Yuan	-
Construction Contract	Chien-Chiao Construction	2020.05-Completion	Contracting: Star Technology	-
Construction Contract	Chien-Chiao Construction	2020.08-Completion	Contracting: Li Ren Ming Di	-
Construction Contract	Chien-Chiao Construction	2020.08-Completion	Contracting: Fu-Bao Building A	-
Construction Contract	Chien-Chiao Construction	2020.11-Completion	Contracting: Fu-Bao Building C	-
Joint Construction Contract	Mr. Lin	2007.11-Handover	Project: Wen-De Section	-
Urban Renewal Agreement	Mr. Lin (total: 22 people)	2015.09-Completion	Project: Yu-Cheng Section	-
Construction Contract	Mr. Wong (total: 3 people)	2018.07-Handover	Project: Tan-Mei Section	-

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT$ thousand

Item \ Year		Financial Summary for The Last Five Years					As of March 31, 2021[1]
		2016	2017	2018	2019	2020	
Current assets		10,293,737	8,946,597	9,883,956	9,997,277	9,237,073	-
Property, Plant and Equipment[2]		4,687,509	4,869,553	4,813,418	4,936,522	4,706,200	-
Intangible assets		3,393	2,866	1,976	1,194	1,149	-
Other assets[2]		32,247	31,151	31,900	48,098	37,596	-
Total assets		15,016,886	13,850,167	14,731,250	14,983,091	13,982,018	-
Current liabilities	Before distribution	4,601,298	2,968,484	4,641,568	5,418,851	4,407,382	-
	After distribution	4,415,889	2,768,813	4,441,897	5,276,229	-	-
Non-current liabilities		3,159,349	3,482,223	2,648,630	2,227,833	2,136,297	-
Total liabilities	Before distribution	7,760,647	6,450,707	7,290,198	7,646,684	6,543,679	-
	After distribution	7,575,238	6,251,036	7,090,527	7,504,062	-	-
Equity attributable to shareholders of the parent		7,256,239	7,399,460	7,441,052	7,336,407	7,438,339	-
Capital stock		2,852,450	2,852,450	2,852,450	2,852,450	2,852,450	-
Capital surplus		21,130	21,130	21,130	21,130	21,130	-
Retained earnings	Before distribution	4,383,949	4,526,846	4,567,472	4,462,827	4,564,759	-
	After distribution	4,198,540	4,327,175,	4,367,801	4,320,205	-	-
Other equity interest		(1,290)	(966)	-	-	-	-
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	7,256,239	7,399,460	7,441,052	7,336,407	7,438,339	-
	After distribution	7,070,830	7,199,789	7,241,381	7,193,785	-	-

Notes:
1. 2021 Q1 financial report has not yet been completed as of the printing date of the annual report.
2. If reappraisal of assets has been conducted, specify the date of reappraisal and the reappraised value
3. The figures after distribution as stated shall be the figures determined by the Shareholders Meeting of the year.
4. If the financial information has been corrected or recompiled at the notification of the competent authority or by the company voluntarily, fill in the data after correction or recompilation and explain the detail with reasons.

6.1.2 Individual Condensed Balance Sheet – Based on IFRS

Unit: NT$ thousand

Item / Year		Financial Summary for The Last Five Years					As of March 31, 2021[1]
		2016	2017	2018	2019	2020	
Current assets		10,044,124	8,672,320	9,383,330	9,653,878	8,854,654	-
Property, Plant and Equipment[2]		4,749,384	4,925,015	4,771,239	4,777,455	4,580,019	-
Intangible assets		21	192	128	64	-	-
Other assets[2]		145,405	187,727	212,944	279,476	255,112	-
Total assets		14,938,934	13,785,254	14,367,641	14,710,873	13,689,785	-
Current liabilities	Before distribution	4,515,500	2,920,756	4,366,324	5,194,468	4,235,102	-
	After distribution	4,330,091	2,721,085	4,166,653	5,051,846	-	-
Non-current liabilities		3,167,195	3,465,038	2,560,265	2,179,998	2,016,344	-
Total liabilities	Before distribution	7,682,695	6,385,794	6,926,589	7,374,466	6,251,446	-
	After distribution	7,497,286	6,186,123	6,726,918	7,231,844	-	-
Equity attributable to shareholders of the parent		7,256,239	7,399,460	7,441,052	7,336,407	7,438,339	-
Capital stock		2,852,450	2,852,450	2,852,450	2,852,450	2,852,450	-
Capital surplus		21,130	21,130	21,130	21,130	21,130	-
Retained earnings	Before distribution	4,383,949	4,526,846	4,567,472	4,462,827	4,564,759	-
	After distribution	4,198,540	4,327,175	4,367,801	4,320,205	-	-
Other equity interest		(1,290)	(966)	-	-	-	-
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	7,256,239	7,399,460	7,441,052	7,336,407	7,438,339	-
	After distribution	7,070,830	7,199,789	7,241,381	7,193,785	-	-

Notes:

1. 2021 Q1 financial report has not yet been completed as of the printing date of the annual report.
2. If reappraisal of assets has been conducted, specify the date of reappraisal and the reappraised value
3. The figures after distribution as stated shall be the figures determined by the Shareholders Meeting of the year.
4. If the financial information has been corrected or recompiled at the notification of the competent authority or by the company voluntarily, fill in the data after correction or recompilation and explain the detail with reasons.

6.1.3 Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT$ thousand

Item \ Year	Financial Summary for The Last Five Years					As of March 31, 2021[1]
	2016	2017	2018	2019	2020	
Operating Revenue	2,023,009	4,236,339	2,265,460	1,631,542	3,834,898	-
Gross Profit	664,037	869,330	689,503	479,043	600,608	-
Net Operating Income	392,210	506,800	362,013	170,261	313,418	-
Non-operating Income and Expenses	(66,870)	(118,837)	(88,273)	(55,113)	(40,563)	-
Net Income before tax	325,340	387,963	273,740	115,148	272,855	-
Net Profit/(Loss) from Continued Operations	269,168	333,652	234,147	94,338	242,758	-
Loss of Discontinued Operations	-	-	-	-	-	-
Net Profit/(Loss)	269,168	333,652	234,147	94,338	242,758	-
Other comprehensive income (net of income tax)	(3,086)	(5,021)	7,117	689	1,797	-
Total comprehensive income	266,082	328,631	241,264	95,027	244,555	-
Net income attributable to shareholders of the parent company	269,168	333,652	234,147	94,338	242,758	-
Net income attributable to non-controlling interests	-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent company	266,082	328,631	241,264	95,027	244,555	-
Comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	0.94	1.17	0.82	0.33	0.85	-

Notes:

1. 2021 Q1 financial report has not yet been completed as of the printing date of the annual report.
2. Present the loss of discontinued operations at the value after deducting income tax.
3. If the financial information has been corrected or recompiled at the notification of the competent authority or by the company voluntarily, fill in the data after correction or recompilation and explain the detail with reasons.

6.1.4 Individual Condensed Statement of Comprehensive Income –Based on IFRS

Unit: NT$ thousand

Item \ Year	Financial Summary for The Last Five Years					As of March 31, 2021[1]
	2016	2017	2018	2019	2020	
Operating Revenue	1,568,999	3,779,664	1,911,544	1,085,723	3,508,141	-
Gross Profit	506,882	696,664	536,680	282,476	502,748	-
Net Operating Income	334,053	437,982	308,889	85,728	307,239	-
Non-operating Income and Expenses	(13,836)	(51,786)	(38,988)	21,774	(45,080)	-
Net Income before tax	320,217	386,196	269,901	107,502	262,159	-
Net Profit/(Loss) from Continued Operations	269,168	333,652	234,147	94,338	242,758	-
Loss of Discontinued Operations	-	-	-	-	-	-
Net Profit/(Loss)	269,168	333,652	234,147	94,338	242,758	-
Other comprehensive income (net of income tax)	(3,086)	(5,021)	7,117	689	1,797	-
Total comprehensive income	266,082	328,631	241,264	95,027	244,555	-
Net income attributable to shareholders of the parent company	-	-	-	-	-	-
Net income attributable to non-controlling interests	-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent company	-	-	-	-	-	-
Comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	0.94	1.17	0.82	0.33	0.85	-

Notes:
1. 2021 Q1 financial report has not yet been completed as of the printing date of the annual report.
2. Present the loss of discontinued operations at the value after deducting income tax.
3. If the financial information has been corrected or recompiled at the notification of the competent authority or by the company voluntarily, fill in the data after correction or recompilation and explain the detail with reasons.

6.1.5 Auditors and Audit Opinions

Year	Accounting Firm	CPA	Audit Opinion
2016	Deloitte Touche Tohmatsu Limited Taiwan	Hsieh, Ming-Chong, Lin, Yi-Hui	unqualified opinion
2017	Deloitte Touche Tohmatsu Limited Taiwan	Chi, Rui-Chuan[1], Lin, Yi-Hui	unqualified opinion
2018	Deloitte Touche Tohmatsu Limited Taiwan	Chi, Rui-Chuan, Lin, Yi-Hui	unqualified conclusion
2019	Deloitte Touche Tohmatsu Limited Taiwan	Lu, I-Chen, Lin, Yi-Hui[2]	unqualified conclusion
2020	Deloitte Touche Tohmatsu Limited Taiwan	Lu, I-Chen, Lin, Yi-Hui	unqualified conclusion

Notes:
1. The CPA was changed from Hsieh, Ming-Chong to Chi, Rui-Chuan in 2017
2. The CPA was changed from Chi, Rui-Chuan to Lu, I-Chen in in 2019

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis – Based on IFRS

Item[3]	Year	2016	2017	2018	2019	2020	As of March 31, 2021[1]
		Financial Summary for The Last Five Years					
Financial Structure (%)	Debt Ratio	51.67	46.57	49.48	51.03	46.80	-
	Ratio of long-term capital to property, plant and equipment	222.19	223.46	209.61	193.74	203.44	-
Solvency (%)	Current ratio	223.71	301.38	212.94	184.49	209.58	-
	Quick ratio	10.79	27.97	14.59	11.12	16.32	-
	Interest earned ratio (times)	5.45	4.15	4.13	2.70	7.55	-
Operating performance	Receivables turnover (times)	213.11	188.90	40.72	27.50	70.39	-
	Average collection period	1.71	1.93	8.96	13.27	5.18	-
	Inventory turnover (times)	0.14	0.38	0.18	0.12	0.36	-
	Payables turnover (times)	5.07	14.24	5.61	2.04	13.43	-
	Days inventory outstanding	2607.14	960.52	2027.77	3041.66	1013.88	-
	Property, plant and equipment turnover (times)	0.43	0.87	0.47	0.33	0.79	-
	Total assets turnover (times)	0.13	0.29	0.15	0.11	0.26	-
Profitability	Return on Assets (%)	2.26	3.01	2.12	0.99	1.90	-
	Return on Equity (%)	3.74	4.55	3.15	1.27	3.28	-
	Pre-tax income to paid-in capital (%)	11.40	13.60	9.59	4.03	9.56	-
	Profit ratio (%)	13.30	7.87	10.33	5.78	6.33	-
	Earnings per share (NT$)	0.94	1.17	0.82	0.33	0.85	-
Cash Flow	Cash flow ratio (%)	0.00	72.82	0.00	1.91	24.08	-
	Cash flow adequacy ratio (%)	42.99	45.07	33.19	56.17	85.29	-
	Cash reinvestment ratio (%)	(1.26)	17.53	(1.89)	(0.95)	9.06	-
Leverage	Operating leverage	1.22	1.17	1.24	1.52	1.28	-
	Financial leverage	1.22	1.32	1.31	1.65	1.15	-

- Quick Ratio: Current liabilities were reduced, resulting in a higher quick ratio.
- Interest earned ratio: EBIT were increased and interests were reduced, resulting in a higher interest earned ratio.
- Receivables turnover, and Average collection period: Both net sales and account receivables were increased, resulting in a higher receivable turnover ratio.
- Inventory turnover, Payables turnover, and Days inventory outstanding: The housing market heated up, resulting in higher turnover ratios.
- Property, plant and equipment turnover: The housing market heated up; therefore net sales were increased, resulting in a higher PPE turnover ratio.
- Total assets turnover: The housing market heated up; therefore net sales were increased, resulting in a higher total assets turnover ratio.
- Return on Assets: EBI were increased, and average assets were slightly decreased, resulting in a higher ROA ratio.
- Return on Equity: Net profit was increased, resulting in a higher ROE ratio.
- Pre-tax income to paid-in capital: The housing market heated up; therefore pre-tax income was increased, resulting in a higher ratio.
- Earnings per share: The housing market heated up, resulting in a higher EPS.
- Cash flow ratio: The housing market heated up, cash flows from operating activities were greatly increased, resulting in a higher cash flow ratio.
- Cash flow adequacy ratio: net cash flow from operation in the last 5 years was increased, and average capital expenditures were reduced, resulting in a higher cash flow adequacy ratio.
- Cash reinvestment ratio: Cash flows from operating activities were increased, resulting in a higher cash reinvestment ratio.
- Financial leverage: The housing market heated up; therefore the gross profit was increased, resulting in a lower financial leverage ratio.

Note 1: 2021 Q1 financial report has not yet been completed as of the printing date of the annual report.

Note 2: The figures are truncated to 2 decimal places.

Note 3: The equations for calculations to be disclosed at the end of this statement are shown below:

1. Financial Structure:
   (1) Liabilities to assets ratio = total liabilities/total assets.
   (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment.
2. Solvency:
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets – inventory – prepayments)/current liabilities.
   (3) Interest earned ratio = EBIT/interest expenses.
3. Operating Performance:
   (1) Receivables turnover (including account receivables and note receivables from operation) = net sale/the balance of average receivables in each period (including account receivables and note receivables from operation)
   (2) Average collection period= 365/receivable turnover.
   (3) Inventory turnover = cost of goods sold/average inventory.
   (4) Payables turnover (including account payables and note payables from operation) = net sale/the balance of average payables in each period (including account payables and note payables from operation)
   (5) Days inventory outstanding = 365/inventory turnover.
   (6) Property, plant, and equipment turnover = net sale/net average property, plant, and equipment.
   (7) Total assets turnover = net sale/total average assets.
4. Profitability:
   (1) Return on Assets (ROA) = [net income + interest expense x (1 – tax rate)]/average total assets.
   (2) Return on Equity (ROE) = net income/total average equity.
   (3) Profit ratio = net income/net sales.
   (4) Earnings per share = (income attributable to the shareholders of the parent company – dividend of preferred shares)/weighted average quantity of outstanding shares. (Note 4)
5. Cash Flow:
   (1) Cash flow ratio = net cash flows from operation/current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operation in the last 5 years/(capital expenditures + increase in inventory + cash dividend) in the last 5 years.
   (3) Cash reinvestment ration = (net cash flow from operation – cash dividend)/(gross property, plant, and equipment + long-term investment + other non-current assets + working capital). (Note 5)
6. Leverage:
   (1) Operational leverage = (net operating income – variable operating cost and expense)/operating income (Note 6).
   (2) Financial leverage = operating income/(operating income – interest expenses).

Note 4: Pay attention to the following in measurement with the aforementioned equation of the earnings per share in the calculation:
1. Based on the weighted average quantity of common shares, not the outstanding quantity of shares at the end of the year.
2. Consider the period of circulation for transactions with the offering of new shares for raising capital or repurchase of treasury shares in the calculation of the weighted average quantity of outstanding shares.
3. If there is capitalization of retained earnings or capitalization of additional paid-in capital into new shares, make adjustment in the calculation of earnings per share of the previous year and on semi-annual basis in retrospect of the increase in the size of capital irrespective of the period of capitalization.
4. If the preferred shares are unconvertible accumulative preferred shares, the dividend of the year (released or not) shall be deducted from net income, or added to net loss after tax. If the preferred shares are not accumulative, and there is the net income, dividends for preferred shares shall be deducted from net income. If there is net loss, no adjustment is necessary.

Note 5: Pay attention to the following in the measurement of cash flow in the analysis:
1. Net cash flow from operation is the net cash inflow from operation as presented in the statement of cash flows.
2. Capital expenditure shall be the cash outflow from annual capital investment.
3. The increase of inventory is only included in the calculation when the balance at the ending of the period is greater than the balance at the beginning of the period. If there is a decrease of inventory at year end, calculate on the basis of zero.
4. Cash dividends include the cash dividends for common shares and preferred shares.
5. Gross property, plant, and equipment are the total property, plant, and equipment before accumulated depreciations.

Note 6: Issuers shall classify operating costs and expenses by purpose of use as fixed or variable. If estimation or subjective judgment is involved, make sure it is rational and consistent.

Note 7: If the stock issued by the Company bears no face value, or the face value is not NT$10/share, the calculation of the aforementioned ratio to paid-in capital shall be based on the ratio of the equity attributable to the parent company of the balance sheet.

6.2.2 Individual Financial Analysis – Based on IFRS

Item[3] / Year		Financial Summary for The Last Five Years					As of March 31, 2021[1]
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debt Ratio	51.42	46.32	48.21	50.12	45.66	-
	Ratio of long-term capital to property, plant and equipment	219.46	220.59	209.61	199.19	206.43	-
Solvency (%)	Current ratio	222.43	296.92	214.90	185.84	209.07	-
	Quick ratio	5.47	17.41	9.42	5.65	10.10	-
	Interest earned ratio (times)	5.41	4.15	4.14	2.65	7.7	-
Operating performance	Receivables turnover (times)	2528.60	392.32	48.87	26.14	164.17	-
	Average collection period	0.14	0.93	7.46	13.96	2.22	-
	Inventory turnover (times)	0.11	0.35	0.16	0.08	0.34	-
	Payables turnover (times)	3.56	10.84	5.21	1.63	14.39	-
	Days inventory outstanding	3318.18	1042.85	2281.25	4562.50	1073.52	-
	Property, plant and equipment turnover (times)	0.33	0.76	0.40	0.22	0.75	-
	Total assets turnover (times)	0.10	0.26	0.13	0.07	0.24	-
Profitability	Return on Assets (%)	2.27	3.03	2.15	1.00	1.93	-
	Return on Equity (%)	3.74	4.55	3.15	1.27	3.28	-
	Pre-tax income to paid-in capital (%)	11.22	13.53	9.46	3.76	9.19	-
	Profit ratio (%)	17.15	8.82	12.24	8.68	6.92	-
	Earnings per share (NT$)	0.94	1.17	0.82	0.33	0.85	-
Cash Flow	Cash flow ratio (%)	0.00	70.44	0.00	0.00	26.23	-
	Cash flow adequacy ratio (%)	38.02	38.16	29.00	50.51	89.89	-
	Cash reinvestment ratio (%)	(1.27)	16.74	(1.92)	(1.99)	9.70	-
Leverage	Operating leverage	1.22	1.18	1.29	1.99	1.27	-
	Financial leverage	1.27	1.38	1.38	4.13	1.14	-

- Quick Ratio: Current liabilities were reduced, resulting in a higher quick ratio.
- Interest earned ratio: EBIT were increased and interests were reduced, resulting in a higher interest earned ratio.
- Receivables turnover, and Average collection period: Net sales was increased and account receivables was reduced, resulting in a higher receivable turnover ratio.
- Inventory turnover, Payables turnover, and Days inventory outstanding: The housing market heated up, resulting in higher turnover ratios.
- Property, plant and equipment turnover: The housing market heated up; therefore net sales were increased, resulting in a higher PPE turnover ratio.
- Total assets turnover: The housing market heated up; therefore net sales were increased, resulting in a higher total assets turnover ratio.
- Return on Assets: EBI were increased, and average assets were slightly decreased, resulting in a higher ROA ratio.
- Return on Equity: Net profit was increased, resulting in a higher ROE ratio.
- Pre-tax income to paid-in capital: The housing market heated up; therefore pre-tax income was increased, resulting in a higher ratio.
- Profit ratio: To improve the financial structure, the company has sold vacant lands for marginal profits; therefore the gross margin was decreased. Plus the operating expenses were increased, resulting in a lower profit ratio.
- Earnings per share: The housing market heated up, resulting in a higher EPS.
- Cash flow ratio: The housing market heated up, cash flows from operating activities were greatly increased, resulting in a higher cash flow ratio.
- Cash flow adequacy ratio: net cash flow from operation in the last 5 years was increased, and both average capital expenditures and average inventories were reduced, resulting in a higher cash flow adequacy ratio.
- Cash reinvestment ratio: Cash flows from operating activities were increased, resulting in a higher cash reinvestment ratio.
- Operating leverage: The housing market heated up; therefore both operating revenue and gross profit were increased, resulting in a lower operating leverage ratio.
- Financial leverage: The housing market heated up; therefore the gross profit was increased, resulting in a lower financial leverage ratio.

Note 1: 2021 Q1 financial report has not yet been completed as of the printing date of the annual report.
Note 2: The figures are truncated to 2 decimal places.
Note 3: The equations for calculations are the same as those in 6.2.1 Consolidated Financial Analysis – Based on IFRS

6.3 Audit Committee Report in the Most Recent Year

March 17, 2021

Audit Committee Report

Re: General Shareholders Meeting 2021

The Board of Directors has submitted the Company's 2020 annual business report, financial report and profit distribution proposal, among which the financial report has been entrusted to the certified public accountants of Deloitte Touche Tohmatsu Limited Taiwan for auditing to generate an audit report. The audit committee has verified the above-mentioned business report, financial report and profit distribution proposal. No discrepancy is found and the committee hereby presents the report in accordance with Article 14 of the "Securities and Exchange Act" and Article 219 of the "Company Act" for your approval.

李淑蘭

LEE, SHU-LAN

Convener of the Audit Committee
Founding Construction Development Corp.

6.4 Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019, and Independent Auditors' Report: Please refer to page 61-115 of the annual report.

6.5 Individual Financial Statements for the Years Ended December 31, 2020 and 2019, and Independent Auditors' Report: Please refer to page 116-168 of the annual report.

6.6 Insolvency that occurs in the Company and Affiliates in the previous year until the date of report publication: None

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2020	2019	Difference	
			Amount	%
Current Assets	9,237,073	9,997,277	(760,204)	(7.60)
Fixed Assets	4,706,200	4,936,522	(230,322)	(4.67)
Other Assets	38,745	49,292	(10,547)	(21.40)
Total Assets	13,982,018	14,983,091	(1,001,073)	(6.68)
Current Liabilities	4,407,382	5,418,851	(1,011,469)	(18.67)
Long-term Liabilities	2,136,297	2,227,833	(91,536)	(4.11)
Total Liabilities	6,543,679	7,646,684	(1,103,005)	(14.42)
Capital stock	2,852,450	2,852,450	-	-
Capital surplus	21,130	21,130	-	-
Retained Earnings	4,564,759	4,462,827	101,932	2.28
Other Adjustments	7,438,339	7,336,407	101,932	1.39
Total Stockholders' Equity	4,407,382	5,418,851	(1,011,469)	(18.67)
Analysis: Other assets were decreased by NT$10,547 thousand due to reductions of deferred tax assets, refundable deposits and other non-current assets-others.				

7.2 Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2020	2019	Difference	
			Amount	%
Gross Sales	3,834,898	1,631,542	2,203,356	135.05
Less: Sales Returns	-	-	-	-
Sales Allowances	-	-	-	-
Net Sales	3,834,898	1,631,542	2,203,356	135.05
Cost of Sales	(3,234,290)	(1,152,499)	2,081,791	180.63
Gross Profit	600,608	479,043	121,565	25.38
Operating Expenses	(287,190)	(308,782)	(21,592)	(6.99)
Net Operating Income	313,418	170,261	143,157	84.08
Non-operating Income and Expenses	(40,563)	(55,113)	(14,550)	(26.4)
Income Before Tax	272,855	115,148	157,707	136.96
Tax Benefit (Expense)	(30,097)	(20,810)	9,287	44.63
Net Profit for the Year	242,758	94,338	148,420	157.33

Analysis:

(1). Gross sales, cost of Sales, gross profit, operating income, tax expenses: The housing market heated up, so relevant figures were all increased, but because of the marginal profit from the deposal of construction land, the gross profit increased at a lower rate than gross sales.

Non-operating income and expenses: Other revenues have increased and financial costs have reduced, resulting in a reduction of the value.

Income before tax, net profit for the year: Gross sales are increased substantially, and both operating expenses and non-operating income and expenses are decreased, resulting in rebounds of pre- and post-tax income.

(2). Sales forecast and basis of estimation: The Company's products are factories, office and residential buildings, and we expect to sell 9 factories and 32 residences in 2021.The estimated sales volume was based on the Company's operational strategies, goals, budget, the macroeconomic environment and historical sales data.

(3). Potential influence on future business finance and response: The operating result of the Company varies depending on the change of the macroeconomic conditions. The Company endeavors to improve financial structures, operating performance and profitability, and aims to reduce average collection days and accounts receivable days and raise ROE and profit ratio.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

A. Operating Activities: The Company has disposed of a number of construction lands to optimize the financial structure and executed construction projects. The inventory of the year has decreased, resulting in a cash inflow from operating activities.
B. Investing Activities: The Company acquired investment properties, resulting in a cash outflow from investing activities.
C. Financing Activities: Repayments of short-term borrowings have increased due to the completion and handover of properties. Principals of long-term borrowings have also been repaid, resulting in a cash outflow from financing activities.

7.3.2 Remedy for Cash Deficit and Liquidity Analysis: N/A

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
292,132	383,447	(447,279)	228,300	-	-

7.4 Major Capital Expenditure Items: None

7.5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 Investment Policy:

A. To vertically-integrated resources and control the construction quality, the company invested in Chien-Chiao Construction Co. Ltd., to create the greatest investment synergy.
B. To pursue corporate sustainability, the company has extended business to hotel operation and management, in anticipation to generate additional sources of stable income.

7.5.2 Main Causes for Profits or Losses:

The Company recognized the investment profit of NT$32,477 thousand of the subsidiary, Chien-Chiao Construction, the investment loss of NT$24,831 thousand of the subsidiary, FUSHIN Hotel, the investment profit of NT$12,000 thousand of the subsidiary Hsin-Long-Hsing Construction; Chien-Chiao Construction recognized the investment loss of NT$4,449 thousand. Chien-Chiao Construction's net profit of the year was NT$25,400 thousand. Partial completion of prior-period construction is on sales in the current period and sales revenue thereof is recognized as investment revenue in accordance with the percentage-of-completion method. Hotel operation is getting touch due to the impact of the Covid-19 pandemic, the net loss of FUSHIN Hotel is NT$79,108 thousand.

7.5.3 Improvement Plans

The Company upholds a cautious stance in terms of investment, and constantly reviews the financial situations and operational performance of subsidiaries to get the latest information in order to adjust operation strategies and focus.

7.5.4 Investment Plans for the Coming Year: None

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

The Company periodically assesses interest rates of bank loans, and stays closely in touch with banks to understand the trend in interest rates in order to fight for more preferential interest rates if needed.
The Company is in a domestic demand industry; changes in foreign exchange rates do not have a great impact on the Company.
Inflation at present does not have a great impact on the Company.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

A. The Company does not have high-risks, high-leverage investments, lending or endorsement guarantees, or derivatives transactions.
B. The Company can offer collaterals for financing of subsidiaries, Chien-Chiao Construction and FUSHIN Hotel to help get a lower interest rate, and will adopt the Company's operational procedures for endorsement and guarantees if needed.

7.6.3 Future Research & Development Projects and Corresponding Budget

The Company combines architecture with technology and environmental protection, building a living environment that meets modern living safety standards.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Mandatory and Prohibitory Provisions of Standard Form Contract for Pre-sale Housing were amended in 2020, with effect from January 1, 2021, to cancel the registration of land ownership of parking space of pre-sale houses. The partial amendments to the Equalization of Land Rights Act, Land Administration Agent Act, and Real Estate Broking Management Act (i.e., the three real estate administration acts related to Actual Selling Price Registration 2.0) were passed by the Legislative Yuan in December 2020. They include three major points: full disclosure of address details; filing, management and real-time registration of pre-sale house contracts; and full governance of speculative behavior in pre-sale housing market. The amendments also increase the penalties for false selling price registration with an eye to ensuring full transparency in real estate information.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

Land is one of the raw materials for the construction industry. The shrinking supply of land makes it necessary to develop projects through urban renewal, integrated structure, joint construction, and superficies. The recent development of intelligence technology is also being used for construction materials and equipment, and we also see markets fully adjusted to the tremendous improvement of environmentally friendly and energy-saving construction materials. The well-developed network of internet information, on the other hand, provides customers with more integrated and diversified services.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None

7.6.12 Litigation or Non-litigation Matters

Our subsidiary, FUSHIN Hotel, has filed for administrative remedy against the retrieval of relief subsidies by the Tourism Bureau. This case is now in the middle of an administrative appeal process.

7.6.13 Other Major Risks

In order to implement the management of information security, the Company has enacted the "Regulation for Computer Control" and its related operating guidelines, based on which we execute the information work plan. We have also set up the "Information Security Self-Checklist" to strictly manage the use and security maintenance of data, built firewall, and controlled and recorded the access right of personnel to reduce the information security risk of the Company.

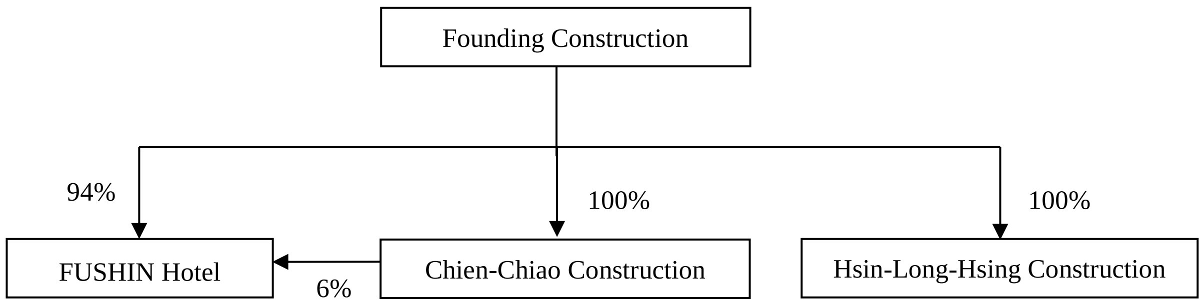
7.7 Other Important Matters: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

A. Consolidated Business Report of Affiliates

(1) Organization Chart of Affiliates



(2) Basic Information of Affiliates

Unit: NT$ thousand

Name of Enterprise	Date of Incorporation	Address	Paid-In Capital	Principal Business or Products
Chien-Chiao Construction Co., Ltd	April 15, 1993	No. 294-5, Sec. 1, Dunhua S. Rd., Daan Dist., Taipei City	NT$150,000	Architecture and Civil Engineering
FUSHIN Hotel Co., Ltd.	June 17, 2010	No. 128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	NT$160,000	Hotel Management and F&B
Hsin-Long-Hsing Construction Co, Ltd	Sept 5, 2016	6F., No. 401, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City	NT$20,000	Property Development

(3) Information on the shareholders if construed as having control and in joint holding with the subsidiaries: None.

(4) The industries covered by the group enterprises: Construction and Hospitality

(5) Directors, Supervisors and President of Affiliates

Name of Enterprise	Title	Name or Representatives	Shareholding	
			shares	%
Chien-Chiao Construction Co., Ltd	Chairman and President	Wang, Yang-Chong	Representative of Founding Construction's institutional shareholder. Total shares holding. 15 million shares.	100%
FUSHIN Hotel Co., Ltd.	Chairman Director Director Director Director Supervisor Supervisor	Ho, Ming-Hui Liu, Shu-Hong Liu, Fang-Wen Liu, Chi-Wen Chang, Chien-Chen Liu, Min-Liang Chen, Wen-Siu	Representative of both Founding Construction's and Chien-Chiao's institutional shareholder. Total shares holding. 15.1 million shares and 0.9million shares respectively.	Founding Construction: 94% Chien-Chiao Construction: 6%
Hsin-Long-Hsing Construction Co, Ltd	Chairman Director Director Supervisor	Liu, Shu-Hong Liu, Min-Liang Cheng, Chi-Chen Liu, Yue-Feng	Representative of Founding Construction's institutional shareholder. Total shares holding. 2 million shares.	100%

(6) Opearting Results of Individual Affiliate

Unit: NT$ thousand

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income /Loss	Net Income	EPS
Chien-Chiao Construction Co., Ltd	NT$150,000	751,511	488,203	263,308	1,074,066	35,566	25,400	1.69
FUSHIN Hotel Co., Ltd.	NT$160,000	1,098,470	951,235	147,235	343,417	(75,391)	(79,108)	(4.94)
Hsin-Long-Hsing Construction Co, Ltd	NT$20,000	19,917	32	19,885	-	(70)	12	0.006

B. Consolidated Financial Reports of Affiliates: Please refer to page 61-115.

C. Operating Reports of Affiliates: None

8.2 Private Placement Securities in the Most Recent Years: None

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None

8.4 Special Notes: None

8.5 Situations with Major Impacts on Shareholder Equity or Share Prices of the Company as specified in Subparagraph 2, Paragraph 3 of Article 36 of the law in the most recent year to the date this Report was printed, if applicable, and elaborate one-by-one: None

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

Deloitte.

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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.

Food and beverage inventory

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	Cosmos Technology	$ 353,450	$ 517,911
	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".

TABLE 2

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	

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.

TABLE 4

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.

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Independent Auditors' Report

To: Founding Construction Development Corp.

Audit Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of Founding Construction Development Corp. as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 Parent Company Only Financial Statements section of our report. We are independent of Founding Construction Development Corp. 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 that, in our professional judgment, were of most significance in our audit of Founding Construction Development Corp.'s parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for Founding Construction Development Corp.'s parent company only financial statements for the year ended December 31, 2020 are stated as follows:

Key Audit Matters I

The Company'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$8,376,286 thousand, NT$4,479,825 thousand, and NT$97,476 thousand, respectively, representing 95% 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 Company. 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(4), (6), (7), (8), 5, 8, 11, and 13 of the financial statements for relevant information on the above-mentioned assets.

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(11) 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. We also 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.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statements, management is responsible for assessing Founding Construction Development Corp.'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 Founding Construction Development Corp. 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 Founding Construction Development Corp.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 parent company only 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 parent company only 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 Construction Development Corp.'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 Founding Construction Development Corp.'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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Founding Construction Development Corp. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Founding Construction Development Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion to Founding Construction Development Corp.

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 Founding Construction Development Corp.'s parent company only 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

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.

Parent Company Only Balance Sheet
December 31, 2020 and 2019
Unit: NTD thousands

Code	ASSETS	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	$ 292,132	2	$ 172,619	1
1110	Financial assets at fair value through profit or loss - current (Notes 7 and 27)	2,856	-	2,419	-
1170	Account receivables (Note 21)	18,741	-	23,996	-
1197	Finance lease receivables (Note 28)	624	-	686	-
1220	Current tax assets (Note 23)	304	-	254	-
130X	Inventories (Note 5, 8 and 29)	8,376,286	61	9,276,385	63
1410	Prepayments (Note 9)	50,331	1	83,587	1
1476	Other financial assets - current (Note 29)	106,794	1	85,898	1
1479	Other current assets	6,586	-	8,034	-
11XX	Total current assets	8,854,654	65	9,653,878	66
	NON-CURRENT ASSETS				
1550	Investments accounted for using the equity method (Note 10)	228,041	1	247,685	2
1600	Property, plant and equipment (Notes 11 and 29)	97,885	1	98,120	-
1755	Right-of-use assets (Note 12)	2,309	-	3,313	-
1760	Investment properties, net (Notes 13 and 29)	4,479,825	33	4,676,022	32
1801	Computer software, net	-	-	64	-
1840	Deferred tax assets (Note 23)	10,247	-	7,751	-
194D	Long-term finance lease receivables, net (Note 28)	2,466	-	3,015	-
1920	Refundable deposits	14,358	-	21,025	-
15XX	Total non-current assets	4,835,131	35	5,056,995	34
1XXX	Total assets	$ 13,689,785	100	$ 14,710,873	100
Code	**LIABILITIES AND EQUITY**				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 14 and 29)	$ 2,573,910	19	$ 3,239,660	22
2110	Short-term bills payable (Note 14)	845,910	6	531,339	4
2130	Contract liabilities - current (Note 21)	315,817	2	616,519	4
2150	Notes payable (Note 15)	571	-	2,121	-
2160	Notes payable to related parties (Note 15 and 28)	48,300	-	49,613	-
2170	Account payable (Note 15)	1,933	-	12,253	-
2180	Account payable to related parties (Notes 15 and 28)	154,224	1	148,550	1
2280	Lease liabilities - current (Note 12)	2,166	-	2,233	-
2219	Other payable (Notes 16 and 28)	65,717	1	42,177	-
2250	Provisions (Note 17)	1,106	-	1,106	-
2320	Current portion of long-term borrowings (Notes 14 and 29)	209,201	2	546,085	4
2399	Other current liabilities	16,247	-	2,812	-
21XX	Total current liabilities	4,235,102	31	5,194,468	35
	NON-CURRENT LIABILITIES				
2580	Lease liabilities - non-current (Note 12)	6,347	-	8,513	-
2540	Long-term borrowings (Notes 14 and 29)	1,986,287	15	2,145,255	15
2640	Net defined benefit liabilities (Note 18)	11,624	-	12,895	-
2645	Guarantee deposits (Note 28)	12,086	-	13,335	-
25XX	Total non-current liabilities	2,016,344	15	2,179,998	15
2XXX	Total liabilities	6,251,446	46	7,374,466	50
	EQUITY (Note 20)				
	Capital stock				
3110	Ordinary shares	2,852,450	21	2,852,450	20
	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
3XXX	Total equity	7,438,339	54	7,336,407	50
	Total liabilities and equity	$ 13,689,785	100	$ 14,710,873	100

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

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

Founding Construction Development Corp.

Parent Company Only 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 21 and 28)				
4300	Rental revenue	$ 67,976	2	$ 121,189	11
4500	Construction revenue	3,440,165	98	964,534	89
4000	Total operating revenue	3,508,141	100	1,085,723	100
	OPERATING COSTS (Notes 8, 10, 22 and 28)				
5300	Rental costs	(80,826)	(2)	(80,536)	(7)
5500	Construction costs	(2,924,567)	(84)	(722,711)	(67)
5000	Total operating costs	(3,005,393)	(86)	(803,247)	(74)
5900	Gross Profit	502,748	14	282,476	26
6000	OPERATING EXPENSES (Notes 18, 22 and 28)	(195,509)	(5)	(196,748)	(18)
6900	Net Operating Income	307,239	9	85,728	8
	NON-OPERATING INCOME AND EXPENSES (Notes 10 and 22)				
7100	Interest income	197	-	161	-
7010	Other income	1,757	-	889	-
7020	Other gains and losses	(15,564)	-	5,385	1
7050	Finance costs	(39,128)	(1)	(64,978)	(6)
7070	Shares of profits of subsidiaries, associates and joint ventures accounted for using the equity method	7,658	-	80,317	7
7000	Total non-operating income and expenses	(45,080)	(1)	21,774	2

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Code		2020 Amount	2020 %	2019 Amount	2019 %
7900	Net income before tax for the year	$ 262,159	8	$ 107,502	10
7950	Income tax expense (Note 23)	(19,401)	(1)	(13,164)	(1)
8200	NET INCOME (LOSS) FOR THE YEAR	242,758	7	94,338	9
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18 and 23)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	203	-	603	-
8330	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	1,635	-	207	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(41)	-	(121)	-
8300	Other comprehensive income for the year, net of income tax	1,797	-	689	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 244,555	7	$ 95,027	9
	EARNINGS PER SHARE (Note 24)				
9710	Basic	$ 0.85		$ 0.33	
9810	Diluted	$ 0.85		$ 0.33	

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

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

Founding Construction Development Corp.

Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
Unit: NTD thousands

		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 of earnings for 2018								
B1	Legal reserve	-	-	-	-	23,415	-	(23,415)	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(199,672)	(199,672)
D1	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 as of 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 parent company only financial statements.

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

Founding Construction Development Corp.

Parent Company Only 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	Net income before tax for the year	$ 262,159	$ 107,502
A20010	Adjustments for:		
A20100	Depreciation expenses	82,538	84,591
A20200	Amortization expenses	64	64
A20400	Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(436)	(6,397)
A20900	Finance costs	39,128	64,978
A21200	Interest income	(197)	(161)
A22300	Shares of profits of subsidiaries, associates and joint ventures accounted for using the equity method	(7,658)	(80,317)
A22500	Gain on disposal of property, plant and equipment	(286)	-
A23100	Net gain on disposal of financial assets	(392)	(762)
A23700	Loss on write-downs of inventories	13,959	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	-	29,217
A31150	Account receivables	5,255	5,837
A31200	Inventories	1,001,511	(455,638)
A31230	Prepayments	33,256	(16,538)
A31240	Other current assets	1,448	(2,175)
A31250	Other financial assets	(20,896)	(65,379)
A32125	Contract liabilities – current	(300,702)	179,700
A32130	Notes payable	(1,550)	(1,050)
A32140	Other receivables - related parties	(1,313)	42,000
A32150	Accounts payable	(10,320)	(19,360)
A32160	Accounts payable - related parties	5,674	50,695
A32180	Other payable	19,607	(13,472)
A32230	Other current liabilities	13,435	(19,145)
A32240	Net defined benefit liabilities - non-current	(1,068)	75
A33000	Cash generated from/(used in) operations	1,133,216	(115,735)
A33500	Income taxes paid	(21,988)	(26,545)
AAAA	Net cash generated from/(used in) operating activities	1,111,228	(142,280)

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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	50,561
B02800	Proceeds from disposal of property, plant and equipment	286	-
B03700	Decrease (Increase) in refundable deposits	6,657	(5,825)
B05400	Acquisition of investment properties	(431)	(949)
B06000	Decreases in finance lease receivables	686	150
B07500	Interest received	90	161
B07600	Dividends received from subsidiaries	30,000	31,600
BBBB	Net cash generated from investing activities	37,679	70,653
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	835,560	879,516
C00200	Decrease in short-term borrowings	(1,501,310)	(629,277)
C00500	Increase in short-term notes and bills payable	314,571	431,449
C01600	Proceeds from long-term borrowings	170,000	-
C01700	Repayments of long-term borrowings	(665,852)	(455,306)
C03000	Increase (Decrease) in guarantee deposits received	(1,249)	293
C04020	Payments of lease liabilities	(2,446)	(2,525)
C04500	Dividends paid to owners of the Company	(142,623)	(199,672)
C05600	Interest paid	(36,045)	(65,344)
CCCC	Net cash used in financing activities	(1,029,394)	(40,866)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	119,513	(112,493)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	172,619	285,112
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 292,132	$ 172,619

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

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

Founding Construction Development Corp.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 managements of contractors to build public housing developments and commercial buildings for leasing and selling, trading of construction materials and machines, designs and works of interior decoration, etc.

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

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

2. Date and Procedures of Authorization of Financial Statements

The accompanying parent company only financial statements were approved 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)

Except for the following explanations, 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 Company’s accounting policies.

Amendments to IAS 1 and IAS 8 “Definition of Material”

On January 1, 2020, the Company applied the amendment as the threshold for materiality has been changed to ‘could reasonably be expected to influence users’. It also adjusted disclosures of the parent company only 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 date of promulgation
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 Non-current”	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 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 Company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the 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 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 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 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 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 Company.

b) The 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 Company, and this change results in a material change on information of the financial statements

b) Was chosen properly by the 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 IFRS that specifically applies

d) Relates to an area for which the disclosure of the Company is required to make significant judgement and assumptions

e) Involves complex accounting treatment, and users of the 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 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 parent company only financial statements were authorized for issue, the 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 parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Accounting Standards Used in Preparation of the Parent Company Only Financial Statements”).

b. Basis of Preparation

The accompanying parent company only 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.

When preparing the parent company only financial statements, the Company's investments in subsidiaries are accounted for using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the consolidated financial statements of this year, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries, associates, and joint ventures, share of other comprehensive income of subsidiaries, associates, and joint ventures in the parent company only financial statements, and other related equity items.

c. Standards for Classification of Current and Non-current 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 mainly 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 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 Group's construction-related assets and liabilities.

d. 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 an individual item. 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.

e. Investment in Subsidiaries

The Company's investments in subsidiaries are accounted for using the equity method.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter for the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distributed earnings received. In addition, the Company also recognizes changes in other equity of subsidiaries based on shareholding percentage.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues to recognize losses based on shareholding.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount of a cash-generating unit as assessed based on the investee's financial statements as a whole. If the recoverable amount of an asset subsequently increases, a reversal of the impairment loss shall be recognized in profit; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years.

Unrealized profit or loss resulting from downstream transactions is eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries with the subsidiaries are recognized in the Company's parent company only financial statements and only to the extent of interests in the subsidiaries that are not owned by the Company.

f. Property, Plant and Equipment

Property, plant and equipment (PP&E) are recognized at cost, and then measured at cost less accumulated depreciation and accumulated impairment.

PP&E 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 into the appropriate categories of PP&E and subject to depreciation when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of PP&E is separately calculated using the straight-line method over the useful life of each significant part. The 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 PP&E, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

g. 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.

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.

h. Impairment of property, plant and equipment and right-of-use assets

On each date of balance sheets, the 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 Company estimates the recoverable amount of the asset. When it is not possible to estimate the recoverable amount of an individual asset, the 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 PP&E 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.

i. Financial Instruments

Financial assets and liabilities shall be recognized in the parent company only balance sheet when the 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 Company are classified into the following categories: financial assets measured at fair value through profit or loss (FVTPL), financial assets measured at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial asset measured at FVTPL

Financial asset measured at FVTPL includes the financial assets mandatorily required to be measured at FVTPL. Financial assets mandatorily required to be measured 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 measured 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 gains or losses. Fair value is determined in the manner described in Note 27.

ii. Financial asset measured at amortized cost

Financial assets that meet the following 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, accounts receivable measured at amortized cost, other financial assets, and refundable deposits, are equal to the carrying amount determined by the effective interest method less any impairment loss. Exchange differences are 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 claim bankruptcy or other financial restructuring, or disappearance of the active market for the financial assets due to financial difficulties.

iii. Investments in equity instruments measured at FVTOCI

On initial recognition, the 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 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 Company evaluates a loss allowance for financial assets measured at amortized cost (including accounts receivable) and for finance lease receivables based on expected credit loss.

The loss allowances for accounts receivable and finance lease receivables 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 the risks 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 loss over the expected life represents 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 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 either at amortized cost using effective interest method, except below situations.

Financial guarantee contracts

After being initially recognized, financial guarantee contracts issued by the Company and not measured at FVTPL are remeasured at the higher of the amount of loss allowance resulted from expected credit losses or the amount after amortization.

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.

j. 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

k. Revenue Recognition

The Company identifies performance obligations with customer contracts, allocates the transaction price to each 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 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 rights is finished.

2) 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 Company and the amount of revenue can be measured reliably.

l. Leases

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

1) The 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.

When the Company subleases the right-of-use asset, the classification of the sublease is determined by the right-of-use asset (instead of the underlying asset). However, if the main lease is a short-term lease where the recognition exemption is applicable to the Company, the sublease is classified as an operating lease.

Lease payments of the finance leases include fixed payments. Net carrying amount of lease investment is measured as the sum of the present value of lease receivables and unguaranteed residual value plus the original direct cost and expressed as finance lease receivable. Financing incomes are allocated to each accounting period to reflect the fixed rate of return on the Company's unexpired net carrying amount of lease investment in each period.

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. Lease negotiated with the lessee are accounted for as new leases from the effective date of the lease modification.

When a lease includes both land and building elements, the 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 Company as lessee

The 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 parent company only balance sheet.

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 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 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 in the parent company only balance sheet.

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.

m. 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.

n. 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.

o. 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 assets are recognized as it is very likely that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the 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 benefits 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 assets 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 rate is based on the tax rates and tax laws that have been enacted or substantively enacted at 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 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. Critical Accounting Judgments And Key Sources Of Estimation And Uncertainty

In the application of the 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 management will review the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year. Revisions to accounting estimates are recognized in the year of the revision and future years if the revision affects both current and future years.

Key Sources of Estimation and 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 8, 11, and 13 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 Equivalent

	December 31, 2020	December 31, 2019
Cash on hand and working capital	$ 233	$ 176
Bank demand deposits	291,899	172,443
	$ 292,132	$ 172,619

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. Inventories

a. Details of inventories are as below:

	December 31, 2020	December 31, 2019
Buildings and land held for sale	$ 2,396,488	$ 2,189,356
Construction in progress	5,979,798	7,087,029
	$ 8,376,286	$ 9,276,385

For the years ended December 31, 2020 and 2019, the cost of goods sold related to construction inventory amounted to $2,924,567 thousand and $722,711 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 $5,979,798 thousand and $7,087,029 thousand, respectively, are expected to be recovered after more than 12 months.

Please refer to Note 29 for information about the amount of inventories pledged by the Company as collateral for borrowings.

b. Buildings and land held for sale

	December 31, 2020	December 31, 2019
Land of Founding Glion	$ 10,814	$ 43,953
Property of Founding Glion	40,012	162,627
Land of Cosmos Technology	139,497	202,739
Property of Cosmos Technology	228,014	331,387
Land of Universal Technology	95,462	147,598
Property of Universal Technology	120,642	186,531
Land of Nan Ke Ming Men	47,319	71,546
Property of Nan Ke Ming Men	98,775	154,406
Land of Zhong Lu Sec.	12,898	30,359
Property of Zhong Lu Sec.	3,502	8,272
Land of Fu Gui Ming Di	107,902	147,297
Property of Fu Gui Ming Di	179,415	242,826
Land of Bao An Sec.	10,494	24,453
Land of Asia Pacific Technology Park	338,811	-
Property of Asia Pacific Technology Park	749,085	-
Land of West Lake Sec.	135,483	-
Property of West Lake Sec.	78,363	-
Land of Li Garden	-	82,284
Property of Li Garden	-	84,198
Land of Royal Condominium	-	6,394
Property of Royal Condominium	-	14,478
Land of Di Hua Sec.	-	111,947
Property of Di Hua Sec.	-	136,061
	$ 2,396,488	$ 2,189,356

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	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 West Lake Sec. - 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	$ 8,254	$ 112,749	$ -
Wen De Sec.	21,124	-	21,124	-
Jian Kang Sec.	7,072	-	7,072	-
Founding Yi Pin (originally Yu Cheng Sec.)	1,172,545	356,858	1,529,403	127,190
United Tech	834,112	802,627	1,636,739	-
Bei Shan Sec.	13,766	-	13,766	-
Asia Pacific Technology Park (originally Bao An Sec.)	482,137	54,490	536,627	-
Star Technology (originally Tam Mei Sec.)	328,897	16,898	345,795	-
Yi Min Sec.	1,496	-	1,496	-
Xin Feng Sec.	-	745	745	-
Hou De Sec.	-	183	183	-
Founding Li Garden (originally Wu Gu Wang Sec.)	662,901	113,742	776,643	-
Founding Fu Yi	417,828	260,900	678,728	-
Fu Xing Sec.	476	-	476	-
Chang Chun Sec.	143	-	143	-
Xing An Sec.	318,109	-	318,109	-
	$ 4,365,101	$ 1,614,697	$ 5,979,798	$ 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.)	742,786	189,129	931,915	62,876
United Tech	834,112	300,200	1,134,312	-
Bei Shan Sec.	13,766	-	13,766	-
Asia Pacific Technology Park (originally Bao An Sec.)	2,061,992	1,093,742	3,155,734	436,928
Star Technology (originally Tam Mei Sec.)	328,784	5,453	334,237	-
Yi Min Sec.	1,496	-	1,496	-
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	192,514	610,342	-
Fu Xing Sec.	476	-	476	-
	$ 5,196,473	$ 1,890,556	$ 7,087,029	$ 499,804

Relevant information on the capitalization of interests is as below:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Total amount of interest expense	$ 109,058	$ 123,508
Current capitalized construction interest	$ 69,930	$ 58,530
Capitalization interest rate	1.59%~1.90%	1.88%~2.10%
Ending accumulated amount of capitalized construction interest	$ 100,978	$ 79,745

9. Prepayments

	December 31, 2020	December 31, 2019
Current		
Tax overpaid retained for offsetting the future tax payable	$ 40,535	$ 56,262
Prepayment for purchases	659	170
Others	9,137	27,155
	$ 50,331	$ 83,587

10. Investments Accounted For Using Equity Method

Investments in subsidiaries

	December 31, 2020	December 31, 2019
Chien-Chiao Construction Co., Ltd.	$ 13,793	$ 8,618
FUSHIN Hotel Co., Ltd.	194,363	219,194
Hsin-Long-Hsing Construction Co., Ltd.	19,885	19,873
	$ 228,041	$ 247,685

The Company's proportion of ownership and voting rights of subsidiaries as of the balance sheet date are as follows:

Subsidiary	December 31, 2020	December 31, 2019
Chien-Chiao Construction Co., Ltd.	100%	100%
FUSHIN Hotel Co., Ltd.	94.375%	94.375%
Hsin-Long-Hsing Construction Co., Ltd.	100%	100%

Please refer to Table 5 of Note 31 for the Company's details of indirectly invested subsidiaries.

Gain (loss) on investments under equity method, premium amortization of investment, and unrealized gross profit are as follows:

	For the Year Ended December 31, 2020				
Investee company	Initial investment cost	Investment gain (loss) recognized	Current realized (unrealized) gross profit	Total	Accumulated unrealized gross profit
Chien-Chiao Construction Co., Ltd.	$ 51,800	$ 25,378	$ 7,099	$ 32,477	($ 249,518)
FUSHIN Hotel Co., Ltd.	151,000	(24,831)	-	(24,831)	(6,102)
Hsin-Long-Hsing Construction Co., Ltd.	20,000	12	-	12	-
	$ 222,800	$ 559	$ 7,099	$ 7,658	($ 255,620)

	For the Year Ended December 31, 2019				
Investee company	Initial investment cost	Investment gain (loss) recognized	Current realized (unrealized) gross profit	Total	Accumulated unrealized gross profit
Chien-Chiao Construction Co., Ltd.	$ 51,800	$ 47,193	($ 25,114)	$ 22,079	($ 256,616)
FUSHIN Hotel Co., Ltd.	151,000	58,206	-	58,206	(6,102)
Hsin-Long-Hsing Construction Co., Ltd.	20,000	32	-	32	-
	$ 222,800	$ 105,431	($ 25,114)	$ 80,317	($ 262,718)

Except for Hsin-Long-Hsing Construction Co., Ltd., whose financial statements are not audited by the Certified Public Accountants, investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements audited by the Certified Public Accountants.

Management believes that there shall be no material adjustment from the financial statements of the above subsidiary if its financial statements are audited by the Certified Public Accountants.
The above-mentioned subsidiaries are included in the consolidated financial statements for the years ended December 31, 2020 and 2019.

11. Property, Plant And Equipment

	Land	Buildings and Property	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost						
Balance as of January 1, 2019	$ 75,633	$ 32,982	$ 11,511	$ 3,428	$ 738	$ 124,292
Balance as of December 31, 2019	$ 75,633	$ 32,982	$ 11,511	$ 3,428	$ 738	$ 124,292
Accumulated depreciation and impairment						
Balance as of January 1, 2019	$ -	$ 9,829	$ 10,449	$ 3,428	$ 738	$ 24,444
Depreciation expenses	-	672	1,056	-	-	1,728
Balance as of December 31, 2019	$ -	$ 10,501	$ 11,505	$ 3,428	$ 738	$ 26,172
Net carrying amount as of December 31, 2019	$ 75,633	$ 22,481	$ 6	$ -	$ -	$ 98,120
Cost						
Balance as of January 1, 2020	$ 75,633	$ 32,982	$ 11,511	$ 3,428	$ 738	$ 124,292
Addition	-	-	-	-	431	431
Disposal	-	-	(4,650)	-	-	(4,650)
Balance as of December 31, 2020	$ 75,633	$ 32,982	$ 6,861	$ 3,428	$ 1,169	$ 120,073
Accumulated depreciation and impairment						
Balance as of January 1, 2020	$ -	$ 10,501	$ 11,505	$ 3,428	$ 738	$ 26,172
Depreciation expenses	-	638	6	-	22	666
Disposal	-	-	(4,650)	-	-	(4,650)
Balance as of December 31, 2020	$ -	$ 11,139	$ 6,861	$ 3,428	$ 760	$ 22,188
Net carrying amount as of December 31, 2020	$ 75,633	$ 21,843	$ -	$ -	$ 409	$ 97,885

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

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	4 to 6 years
Others	6 years
Other Equipment	5 to 6 years

Please refer to Note 29 for information about the amount of property, plant and equipment pledged by the Company as collateral for borrowings.

12. Lease Arrangements

a. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Buildings	$ 2,039	$ 3,313

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Depreciation expense of right-of-use assets		
Buildings	$ 1,046	$ 2,327

b. Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amount of lease liabilities		
Current	$ 2,166	$ 2,233
Non-current	$ 6,347	$ 8,513

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2020	December 31, 2019
Buildings	2.2%	2.2%

c. Material activities and terms of lease

The Company leases several buildings for office use with lease terms of 3.25 to 5 years. The 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	$ 567	$ 393
Expenses relating to low-value asset leases	$ 159	$ 133
Total cash (outflow) for leases	($ 3,385)	($ 3,318)

The 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.

13. Investment Properties

	December 31, 2020	December 31, 2019
Net carrying amount of each category		
Investment property - land	$ 1,549,173	$ 1,630,563
Investment property - property	2,930,652	3,045,459
	$ 4,479,825	$ 4,676,022

	Investment property - land		Investment property - property		Total	
Cost						
Balance as of January 1, 2019	$	1,598,596	$	3,437,800	$	5,036,396
Addition		-		949		949
Reclassified from inventories		31,967		52,251		84,218
Balance as of December 31, 2019	$	1,630,563	$	3,491,000	$	5,121,563
Accumulated depreciation and impairment						
Balance as of January 1, 2019	$	-	$	365,005	$	365,005
Depreciation expenses		-		80,536		80,536
Balance as of December 31, 2019	$	-	$	445,541	$	445,541
Net carrying amount as of December 31, 2019	$	1,630,563	$	3,045,459	$	4,676,022
Cost						
Balance as of January 1, 2020	$	1,630,563	$	3,491,000	$	5,121,563
Addition		-		1,349		1,349
Transferred from inventory		79,256		93,536		172,792
Reclassified to inventory	(	160,646)	(	148,493)	(	309,139)
Balance as of December 31, 2020	$	1,549,173	$	3,437,392	$	4,986,565
Accumulated depreciation and impairment						
Balance as of January 1, 2020	$	-	$	445,541	$	445,541
Depreciation expenses		-		80,826		80,826
Reclassified to inventory		-	(	19,627)	(	19,627)
Balance as of December 31, 2020	$	-	$	506,740	$	506,740
Net carrying amount as of December 31, 2020	$	1,549,173	$	2,930,652	$	4,479,825

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

	December 31, 2020		December 31, 2019	
Year 1	$	113,510	$	119,008
Year 2		112,071		109,086
Year 3		111,418		109,086
Year 4		109,029		109,086
Year 5		108,857		109,029
Over 5 years		357,314		466,171
	$	912,199	$	1,021,466

Investment properties are depreciated by straight-light method using the estimated useful lives as below:

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

The fair values of investment properties were $5,794,921 thousand and $6,117,697 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 Company held freehold interests in all of its investment properties. Please refer to Note 29 for the amount of investment properties pledged by the Company as collateral for borrowings.

14. Borrowings

a. Short-term borrowings

	December 31, 2020	December 31, 2019
Secured loans (Note 29)		
- Bank loans	$ 2,573,910	$ 3,119,660
Unsecured loans		
- Line of credit	-	120,000
	$ 2,573,910	$ 3,239,660
Interest rates range		
- Secured loans	1.35%~2.10%	1.79%~2.47%
- Unsecured loans	-	1.8%~1.9%
Loan maturity date	110.03.31~ 112.11.11	109.03.05~ 112.10.31

Please refer to Note 29 for information about the construction inventories pledged by the 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 rates range	Collateral	The Carrying Value of Collateral
Commercial paper payable						
Shanghai Commercial & Savings Bank, Ltd.	$ 370,000	($ 25)	$ 369,975	1.668%	Cosmos Technology	$ 367,511
Mega Bills Finance Co., Ltd. (MBF)	380,000	(48)	379,952	1.688%	Asia Pacific Technology Park	1,087,896
Ta Ching Bills Finance Corporation	96,000	(17)	95,983	1.688%	Universal Technology	216,104
	$ 846,000	($ 90)	$ 845,910			$ 1,671,511

December 31, 2019

Guarantee/ Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest rates range	Collateral	The Carrying Value of Collateral
Commercial paper payable						
Shanghai Commercial & Savings Bank, Ltd.	$ 532,000	($ 661)	$ 531,339	1.85%	Cosmos Technology	$ 534,126

Please refer to Note 29 for information about the properties held for sale and properties under construction pledged by the Company as collateral for short-term bills payable.

c. Long-term borrowings

	December 31, 2020	December 31, 2019
Secured loans (Note 29)		
Bank loans (1)	$ 2,195,488	$ 2,691,340
Less: Current portion matured in 1 year	(209,201)	(546,085)
Long-term borrowings	$ 1,986,287	$ 2,145,255

1) The 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 1.37% 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 1.75% 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 1.55% 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 1.49% 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:	$274,000 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: Borrowing period: Interest rate range: Repayment Method:	$960,000 thousand 2016.05.23～2036.05.23 1.55% 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.	$ 883,243	$ 932,832
CTBC Corporate Banking – secured loans	Total loan amount: Borrowing period: Interest rate range: Repayment Method:	$800,000 thousand 2017.10.23～2021.04.23 1.69% Bullet repayment	-	282,850
			$ 2,195,488	$ 2,691,340

Please refer to Note 29 for information about the property, plant and equipment and investment properties pledged by the Company as collateral for long-term borrowings.

15. Notes Payable and Accounts Payable

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

16. Other liabilities

	December 31, 2020	December 31, 2019
Current		
Other payables		
Payable for salary and bonus	$ 14,087	$ 11,649
Payable for remuneration of directors	3,240	2,259
Payable for employees' compensation	5,961	3,394
Interest payable	6,914	9,997
Tax payable	10,500	10,859
Payable for engineering compensation (Note)	15,600	-
Others	9,415	4,019
	$ 65,717	$ 42,177

Note: The Company has accrued $15,600 thousand of case-by-case engineering compensation for the Year Ended December 31, 2020

17. Provisions

	December 31, 2020	December 31, 2019
Current		
Employee benefits	$ 1,106	$ 1,106

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.

18. Post-retirement Benefit Plans

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act, which is a government-managed defined contribution plan. The Company has made 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

The Company adopted the government-managed defined benefit plan under the Labor Standards Law. 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. The Company contributes 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, the Company is 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 Company does not have any right to intervene in the investments of the Funds.

The amounts of the defined benefit plans recorded in the parent company only balance sheet were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 34,115	$ 32,805
Fair value of plan assets	(22,491)	(19,910)
Contribution deficit (surplus)	11,624	12,895
Defined benefit liability, net	$ 11,624	$ 12,895

Movements in the net defined benefit liability were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset), net
January 1, 2019	$ 34,220	($ 20,797)	$ 13,423
Service cost			
Current service cost	641	-	641
Interest expense (income)	300	(185)	115
Recognized in profit and loss	941	(185)	756
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	(706)	(706)
Actuarial loss (gain) - changes in demographic assumption	7	-	7
Actuarial loss (gain) - changes in financial assumption	531	-	531
Actuarial loss (gain) - experience adjustment	(435)	-	(435)
Recognized in other comprehensive income	103	(706)	(603)
Benefits paid	(2,459)	2,459	-
Contributions from employer	-	(681)	(681)
December 31, 2019	$ 32,805	($ 19,910)	$ 12,895
January 1, 2020	$ 32,805	($ 19,910)	$ 12,895
Service cost			
Current service cost	588	-	588
Interest expense (income)	205	(126)	79
Recognized in profit and loss	793	(126)	667
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	(720)	(720)
Actuarial loss (gain) - changes in demographic assumption	18	-	18
Actuarial loss (gain) - changes in financial assumption	485	-	485
Actuarial loss (gain) - experience adjustment	14	-	14
Recognized in other comprehensive income	517	(720)	(203)
Contributions from employer	-	(1,735)	(1,735)
December 31, 2020	$ 34,115	($ 22,491)	$ 11,624

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

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
General and administrative expenses	$ 667	$ 756

Through the pension plan under the R.O.C. Labor Standards Act, the 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 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 rate 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 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 below:

	December 31, 2020	December 31, 2019
Discount rate		
Increased by 0.25%	($ 485)	($ 531)
Decreased by 0.25%	$ 499	$ 546
Expected growth rate of salary		
Increased by 0.25%	$ 483	$ 529
Decreased by 0.25%	($ 472)	($ 518)

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	$ 622	$ 673
Average maturity period of the defined benefit obligation	5.7 years	6.5 years

19. Maturity analysis of assets and liabilities

The 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	$ 292,132	$ -	$ 292,132
Financial assets measured at fair value through profit or loss - current	2,856	-	2,856
Accounts receivable	18,741	-	18,741
Finance lease receivables - current	624	-	624
Current tax assets	304	-	304
Inventory - Buildings and land held for sale	2,396,488	-	2,396,488
Inventory - Construction in progress	-	5,979,798	5,979,798
Prepayments	50,331	-	50,331
Other financial assets - current	106,794	-	106,794
Other current assets	6,586	-	6,586
	$ 2,874,856	$ 5,979,798	$ 8,854,654

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	Within 1 Year	Beyond 1 Year	Total
Liabilities			
Short-term borrowings	$ 383,700	$ 2,190,210	$ 2,573,910
Short-term notes and bills payable	845,910	-	845,910
Contract liabilities - current	315,817	-	315,817
Notes payable	571	-	571
Other receivables - related parties	48,300	-	48,300
Accounts payable	1,933	-	1,933
Accounts payable - related parties	154,224	-	154,224
Lease liabilities - current	2,166	-	2,166
Other payables	65,717	-	65,717
Provisions - current	1,106	-	1,106
Current portion of long-term borrowings	209,201	-	209,201
Other current liabilities	16,247	-	16,247
	$ 2,044,892	$ 2,190,210	$ 4,235,102

December 31, 2019	Within 1 Year	Beyond 1 Year	Total
Assets			
Cash and cash equivalents	$ 172,619	$ -	$ 172,619
Financial assets measured at fair value through profit or loss - current	2,419	-	2,419
Accounts receivable	23,996	-	23,996
Finance lease receivables - current	686	-	686
Current tax assets	254	-	254
Inventory - Buildings and land held for sale	2,189,356	-	2,189,356
Inventory - Construction in progress	-	7,087,029	7,087,029
Prepayments	83,587	-	83,587
Other financial assets - current	85,898	-	85,898
Other current assets	8,034	-	8,034
	$ 2,566,849	$ 7,087,029	$ 9,653,878
Liabilities			
Short-term borrowings	$ 231,560	$ 3,008,100	$ 3,239,660
Short-term notes and bills payable	531,339	-	531,339
Contract liabilities - current	616,519	-	616,519
Notes payable	2,121	-	2,121
Other receivables - related parties	49,613	-	49,613
Accounts payable	12,253	-	12,253
Accounts payable - related parties	148,550	-	148,550
Lease liabilities - current	2,233	-	2,233
Other payables	42,177	-	42,177
Provisions - current	1,106	-	1,106
Current portion of long-term borrowings	546,085	-	546,085
Other current liabilities	2,812	-	2,812
	$ 2,186,368	$ 3,008,100	$ 5,194,468

20. 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 the Company's earnings distribution policy in Articles of Incorporation, the Company should 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 capital reserve at 10% of the remaining earnings, and then set aside or reverse a special capital 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 and bonus to shareholders. Cash dividends of the Company shall not be lower than 30% of total dividends. For the Company's policies on employees' compensation and remuneration of directors, please refer to Note 22(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. 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 the Company'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	0.7

The appropriations of earnings and dividends per share for the year ended December 31, 2020 had been proposed by the Company'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.

21. Revenue

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Rental revenue	$ 67,976	$ 121,189
Construction revenue	3,440,165	964,534
	$ 3,508,141	$ 1,085,723

a. Explanation of customers contracts

Construction revenue

Penalties for delay of construction are specified in real estate construction contracts, and the 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	$ 18,741	$ 23,996
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.

22. Net profit from continuing operations

a. Interest income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Bank Deposits	$ 86	$ 136
Others	111	25
	$ 197	$ 161

b. Other income

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Income from remuneration of directors	$ 1,210	$ 200
Others	547	689
	$ 1,757	$ 889

c. Other gains and losses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Net gain on disposal of financial asset	$ 392	$ 762
Gain (loss) on fair value changes of financial assets measured at FVTPL	436	6,397
Net gain on disposal of property, plant and equipment	286	-
Losses in engineering compensation (Note 16)	(15,600)	-
Others	(1,078)	(1,774)
	($ 15,564)	$ 5,385

d. Finance costs

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Interest on bank loans	($ 108,702)	($ 123,098)
Imputed interest on deposits	(143)	(143)
Interest on lease liabilities	(213)	(267)
Less: Amounts included in the cost of required assets	69,930	58,530
	($ 39,128)	($ 64,978)

Refer to Note 8(3) for information about capitalized interest.

e. Depreciation and amortization

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Property, plant and equipment	$ 666	$ 1,728
Right-of-use assets	1,046	2,327
Investment properties	80,826	80,536
Intangible assets	64	64
Total	$ 82,602	$ 84,655
Depreciation expenses by function		
Operating costs	$ 80,826	$ 80,536
Operating expenses	1,712	4,055
	$ 82,538	$ 84,591
Amortization expenses by function		
Operating costs	$ -	$ -
Operating expenses	64	64
	$ 64	$ 64

f. Operating expenses directly related to investment properties

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Rental costs generated	$ 80,826	$ 80,536

g. Employee benefits expenses

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Post-Retirement Benefits (Note 18)		
Defined contribution plans	$ 1,663	$ 1,884
Defined benefit plans	667	756
	2,330	2,640
Short-term employee benefits expenses (salary, incentive, bonus, etc.)	60,780	57,735
Total employee benefit expenses	$ 63,110	$ 60,375
Summary by function		
Operating costs	$ 5,415	$ 6,771
Operating expenses	57,695	53,604
	$ 63,110	$ 60,375

h. Employees’ compensation and directors' remuneration

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 income tax. The employees’ compensation and remuneration of directors for the year 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 parent company only 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 to employees' compensation and remuneration of directors and that amount recognized in the parent company only financial statements for the year 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 year ended December 31, 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. Income tax

a. Income tax recognized in profit or Loss

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	$ 21,988	$ 15,039
Surcharges on unappropriated earnings	-	909
Adjustments for prior years	(50)	498
	21,938	16,446
Deferred income tax		
In respect of the current year	(2,537)	(3,282)
Income tax expenses recognized in profit or loss	$ 19,401	$ 13,164

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	$ 262,159	$ 107,502
Income tax expenses from profit/(loss) before income tax calculated at the statutory rate	$ 52,432	$ 21,500
Tax effect of adjusting items:		
Gain on land sold exempt from income tax	(50,891)	(15,459)
Gain (loss) under equity method	(1,531)	(16,216)
Others	(2,547)	6,893
Surcharges on unappropriated earnings	-	909
Value-added tax of land sold	21,988	15,039
Income tax expenses from previous years adjusted for current period	(50)	498
Income tax expenses recognized in profit or loss	$ 19,401	$ 13,164

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		
– Remeasurement of defined benefit plans	$ 41	$ 121

c. Current income tax assets

	December 31, 2020	December 31, 2019
Current tax assets		
Tax refund receivable	$ 304	$ 254

d. Deferred tax assets

The movements of deferred tax assets 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				
Defined benefit retirement plans	$ 2,579	($ 213)	($ 41)	$ 2,325
Losses on idle assets	382	2,791		3,173
Right-of-use assets	28	(28)		-
Deferred selling and marketing expense	4,762	(13)	-	4,749
	$ 7,751	$ 2,537	($ 41)	$ 10,247

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				
Defined benefit retirement plans	$ 2,937	($ 237)	($ 121)	$ 2,579
Losses on idle assets	382	-	-	382
Right-of-use assets	-	28	-	28
Deferred selling and marketing expense	1,271	3,491	-	4,762
	$ 4,590	$ 3,282	($ 121)	$ 7,751

e. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheet.

	December 31, 2020	December 31, 2019
Deductible temporary differences losses on impairment	$ 10,049	$ 10,049
Non-leaving pay	1,106	1,106
	$ 11,155	$ 11,155

f. Income tax assessments

The annual income tax returns of a profit-seeking enterprise through 2018 have been assessed by the tax authorities.

24. 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) Used in Basic EPS Calculation	$ 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 Company offered to settle the employees' remuneration in cash or shares, the Company presumes that the entire amount of the employees' remuneration would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share if the shares bore a dilutive effect. 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.

25. Non-cash Transactions

For the year ended December 31, 2020 and 2019, the Company conducted the following non-cash investing and financing activities:

a. The Company reclassified inventories into investment properties for the year ended December 31, 2020 and 2019, resulting in a decrease of $172,792 thousand in inventories and an increase of $84,218 thousand in investment properties, respectively.
b. The Company reclassified investment properties into inventories for the year ended December 31, 2020, resulting in a decrease of $289,512 thousand in investment properties and an increase of $289,512 thousand in inventories.

26. Capital Risk Management

The 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 Company's capital structure consists of the 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).

The Company is not subject to any other external capital requirements.

The key management of the 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 Company will balance its overall capital structure through financing. Generally, the Company adopts the conservative risk management strategy.

27. Financial Instruments

a. Information on Fair value - Financial Instruments not Measured at Fair Value
   Except long-term borrowings as below, the Company's management 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 below:

December 31, 2020

	Carrying Value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost:					
- Long-term borrowings	$ 1,986,287	$ -	$ 1,962,595	$ -	$ 1,962,595

December 31, 2019

	Carrying Value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost:					
- Long-term borrowings	$ 2,145,255	$ -	$ 2,112,954	$ -	$ 2,112,954

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 measured at fair value through profit or loss				
Fund beneficiary certificates	$ 2,856	$ -	$ -	$ 2,856

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Fund beneficiary certificates	$ 2,419	$ -	$ -	$ 2,419

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 measured at fair value through profit or loss		
Mandatorily classified as measured at FVTPL	$ 2,856	$ 2,419
Financial assets measured at amortized cost (Note 1)	432,025	303,538
	$ 434,881	$ 305,957
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	$ 5,874,851	$ 6,713,086

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, 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 payables, long-term borrowings, guarantee deposits, etc.

d. Financial risk management objectives and policies

The Company’s major financial instruments included equity investments, accounts receivable, accounts payable, lease liabilities, borrowings, etc. The 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 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 Company's operating activities exposed it primarily to the financial risks of changes in interest rates (see (1) below).

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

a) Interest rate risk

The Company is exposed to interest rate risk because entities in the 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 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 rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax/after-tax profit for the year ended December 31, 2020 would decrease/increase by $5,615 thousand and $4,492 thousand, respectively. The Company's pre-tax/after-tax profit for the year ended December 31, 2019 would decrease/increase by $6,462 thousand and $5,170 thousand, respectively, mainly because the Company was exposed to risks from borrowings with variable rate and assets with variable rate.

b) Other price risk

The Company was exposed to equity price risk through 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 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 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 Company. As of the end of the reporting period, the Company's maximum exposure to credit risk due to failure to discharge an obligation by the counterparties arises from:

a) The carrying amount of financial assets recognized in the parent company only balance sheet.

b) The amount of contingent liabilities generated from financial guarantees that the Company provided.

The 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 Company's credit risk has been significantly reduced.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the 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.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Company had available unutilized short-term bank loan facilities were shown below.

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

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to repay.

December 31, 2020

	Less than 1 year	2 - 3 years	4 - 5 years	6+ years	Total
Non-derivative financial liabilities					
Lease liabilities	$ 2,166	$ 3,995	$ 2,352	$ -	$ 8,513
Non-interest-bearing liabilities	253,518	-	-	-	253,518
Floating interest rate instruments	603,133	2,754,061	469,662	1,251,153	5,078,009
	$ 858,817	$ 2,758,056	$ 472,014	$ 1,251,153	$5,340,040

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	$ 2,331	$ 6,583	$ -	$ -	$ -	$ -

December 31, 2019

	Less than 1 year	2 - 3 years	4 - 5 years	6+ years	Total
Non-derivative financial liabilities					
Lease liabilities	$ 2,233	$ 4,380	$ 3,114	$ 1,019	$ 10,746
Non-interest-bearing liabilities	245,455	-	-	-	245,455
Floating interest rate instruments	793,287	2,693,527	1,424,929	1,494,467	6,406,210
	$1,040,975	$ 2,697,907	$1,428,043	$ 1,495,486	$6,662,411

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	$ 2,446	$ 7,886	$ 1,029	$ -	$ -	$ -

In consideration of the 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	$ -	$ 120,000
- Amount unused	180,000	60,000
	$ 180,000	$ 180,000
Secured bank overdraft amount		
- Amount used	$ 5,615,398	$ 6,342,339
- Amount unused	3,277,192	3,207,161
	$ 8,892,590	$ 9,549,500

28. Related Party Transactions

a. Names and relationships of related parties

Name of related party	Relationship with the Company
Chien-Chiao Construction Co., Ltd. (the " Chien-Chiao Construction")	Investee company measured under equity method
FUSHIN Hotel Co., Ltd. (the "FUSHIN Hotel")	-
Hsin-Long-Hsing Construction Co., Ltd. (the " Hsin-Long-Hsing Construction")	-
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
Lease revenue	Chien-Chiao Construction	$ 1,776	$ 1,776
Lease revenue	FUSHIN Hotel	59,188	108,072
		$ 60,964	$ 109,848

The status of the related party, FUSHIN Hotel, leasing the buildings from the Company for the years ended December 31, 2020 and 2019 is as follows:

For the Year Ended December 31, 2020

Lessee	Leased Premises	Lease term	Rental charged per lease term	Lease revenue
FUSHIN Hotel	The buildings at No.14, Shifu Rd., Central District, Taichung	2012.06.01～2027.05.31	$820 thousand per month with rental relief for the first two months of decoration period, subject to be adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan starting in the sixth year. 12 checks issued at a time and cashed monthly (Note)	$ 5,062
〃	The buildings at No. 128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2013.06.01～2028.05.31	$3,620 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly (Note)	22,345
〃	The buildings at No. 152, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2016.04.01～2031.03.31	$2,400 thousand per month with rental relief for the first six months of decoration period, subject to be adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan starting in the sixth year. 12 checks issued at a time and cashed monthly (Note)	14,807
〃	Ground floor at No. 28, Sec. 2, Zhongyi Rd., West Central Dist., Tainan City	2013.06.01～2028.05.31	$740 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly (Note)	4,569
〃	The buildings at No. 336, Chenggong Rd., North Dist., Tainan City	2014.09.01～2029.08.31	$1,900 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly (Note)	11,719
〃	1F., No. 126, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2019.10.01～2025.09.30	$60 thousand per month; 12 checks issued at a time and deposited monthly (Note)	686
				$ 59,188

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, and the Company negotiated rental reduction with FUSHIN Hotel Co. for the year ended December 31, 2020.

For the Year Ended December 31, 2019

Lessee	Leased Premises	Lease term	Rental charged per lease term	Lease revenue
FUSHIN Hotel	The buildings at No.14, Shifu Rd., Central District, Taichung	2012.06.01～2027.05.31	$820 thousand per month with rental relief for the first two months of decoration period, subject to be adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan starting in the sixth year. 12 checks issued at a time and cashed monthly	$ 9,348
〃	The buildings at No. 128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2013.06.01～2028.05.31	$3,620 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly	41,154
〃	The buildings at No. 152, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2016.04.01～2031.03.31	$2,400 thousand per month with rental relief for the first six months of decoration period, subject to be adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan starting in the sixth year. 12 checks issued at a time and cashed monthly	27,360
〃	Ground floor at No. 28, Sec. 2, Zhongyi Rd., West Central Dist., Tainan City	2013.06.01～2028.05.31	$740 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly	8,436
〃	The buildings at No. 336, Chenggong Rd., North Dist., Tainan City	2014.09.01～2029.08.31	$1,900 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly	21,660
〃	1F., No. 126, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2019.10.01～2025.09.30	$60 thousand per month; 12 checks issued at a time nd deposited monthly	114
				$ 108,072

c. Contracting out of construction

Details of the names of the construction project contracted out to the Company's related parties, their total contract price, and their amounts sent for payment approval upon acceptance for the year ended December 31, 2020 and 2019 are as follows:

Name of related party	Construction Project	Expected Year of Completion	Contract sums of Construction Project	Amounts sent for payment approval upon acceptance as of December 31, 2020	Amounts sent for payment approval upon acceptance as of December 31, 2019
Chien-Chiao Construction	United Building B	2021	$ 745,000	$ 345,000	$ 165,000
	United Building A	2021	745,000	285,000	55,000
	Founding Yi Pin	2023	615,000	173,500	48,500
	Fu Gui Ming Di	2019	207,000	207,000	187,200
	Asia Pacific Technology Park, Building B (originally Bao An Sec.)	2020	655,000	589,500	460,000
	Asia Pacific Technology Park, Building A	2020	614,300	614,300	460,000
	Founding Fu Yi	2021	200,000	180,000	130,000
	Founding Li Garden	2022	550,000	-	-
	Star Technology	2023	555,000	-	-
	Fu-Yi Tainan NO.2 (originally Li Ren Sec.)	2024	170,000	-	-
	Fubao Technology Building A	-	13,200	-	-
	Fubao Technology Building C	-	11,480	-	-
			$ 5,080,980	$ 2,394,300	1,505,700

Payment methods of contracting out construction projects were as below:

Construction Project	Payment method
United Building B	The construction cost shall be paid during the periods of which the estimate at completion based on the projects, and the final payment shall be made after all the work is completed and qualified with formal acceptance. Sight check issued for 50% of the price, and postdated check of one month issued for the other 50%.
United Building A	Same as above
Founding Yi Pin	Same as above
Fu Gui Ming Di	Same as above
Asia Pacific Technology Park, Building B (originally Bao An Sec.)	Same as above
Asia Pacific Technology Park, Building A	Same as above
Founding Fu Yi	Same as above
Founding Li Garden	Same as above
Star Technology	Same as above
Fu-Yi Tainan NO.2 (originally Li Ren Sec.)	Same as above
Fubao Technology Building A	Same as above
Fubao Technology Building C	Same as above

The transaction terms of the above mentioned subcontracting to related parties has no material abnormality

d. Purchases (including investment properties)

Name of related party	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Chien-Chiao Construction	$ 1,045,220	$ 1,048,000

e. Notes payable (excluding borrowings to related parties)

Name of related party	December 31, 2020	December 31, 2019
Chien-Chiao Construction	$ 48,300	$ 49,613

f. Accounts payable

Name of related party	December 31, 2020	December 31, 2019
Chien-Chiao Construction	$ 146,420	$ 148,550
Hsin-Long-Hsing Construction	7,804	-
	$ 154,224	$ 148,550

The outstanding amount of payables - related parties is not collateralized.

g. Other payables

Name of related party	December 31, 2020	December 31, 2019
FUSHIN Hotel	$ 251	$ 159

h. Guarantee deposits

Name of related party	December 31, 2020	December 31, 2019
Chien-Chiao Construction	$ -	$ 450
FUSHIN Hotel	11,005	10,966
	$ 11,005	$ 11,416

i. Others

Accounts	Name of related party	December 31, 2020	December 31, 2019
Operating expenses	FUSHIN Hotel	$ 3,045	$ 3,902

j. Subleases agreement

Subleases of Finance Lease

In the fourth quarter of 2019, the Company transferred the office assets originally recorded as right-of-use assets under finance leases to FUSHIN Hotel with the net investment amounted to $3,851 thousand on the beginning date of lease and the lease term of 6 years. The balance of finance lease receivables amounted to $3,090 thousand as of December 31, 2020. No loss allowance of finance lease is recognized for the year ended December 31, 2020. A write-down of right-of-use asset costs amounted to $8,628 thousand and accumulated depreciation amounted to $958 thousand was recognized on the beginning date of lease. Differences were recognized under long-term investment using equity method and amortized through lease terms amounted to $796 thousand as of December 31, 2020.

k. Endorsements and guarantees

Endorsements and guarantees provided

Name of related party	December 31, 2020	December 31, 2019
Chien-Chiao Construction	$ -	$ 33,100

Endorsements and guarantees obtained

Name of related party	December 31, 2020	December 31, 2019
Chien-Chiao Construction	$ 109,612	$ 109,612

l. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the year 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	$ 18,216	$ 19,672
Share-based payments	1,119	1,897
Post-Retirement Benefits	895	941
	$ 20,230	$ 22,510

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.

29. Pledged Assets

The following assets were provided for payments to financial institutions or vendors as collateral, and each of their carrying amounts is as below:

	Summary	December 31, 2020	December 31, 2019
Construction inventory			
- Buildings and land held for sale	Cosmos Technology	$ 367,511	$ 534,126
	Universal Technology	216,104	334,129
	Nan Ke Ming Men	146,094	225,952
	Li Garden	-	166,482
	Fu Gui Ming Men	287,317	390,123
	Di Hua Sec.	-	248,008
	Land of Bao An Sec.	10,494	-
	Asia Pacific Technology Park	1,087,896	-

(Continued on the next page)

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	Summary	December 31, 2020	December 31, 2019
Construction inventory - Construction in progress	Founding Yi Pin (originally Yu Cheng Sec.)	$ 1,529,403	$ 931,915
	Asia Pacific Technology Park (originally Bao An Sec.)	536,627	3,155,734
	United Tech	1,636,739	1,134,312
	Founding Li Garden (originally Wu Gu Wang Sec.)	776,643	763,799
	Founding Fu Yi	678,728	610,342
	Star Technology (originally Tam Mei Sec.)	345,795	334,237
	Fu-Yi Tainan NO.2 (originally Li Ren Sec.)	112,749	111,673
Property, plant and equipment	Land	71,101	71,101
	Buildings and Property	11,261	11,674
Other financial assets - current	Reserve account and trust account	81,294	72,398
Investment property	Land	1,500,258	1,595,763
	Buildings and Property	2,915,788	3,031,868
		$ 12,311,802	$ 13,723,636

30. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those described in other notes, significant commitments and contingencies of the Company on the date of balance sheet were as follow.

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, construction companies undertaken the Company's projects may demand the projects of construction in progress to register a right of mortgage

b. The Company entered into contracts amounted to $5,080,980 thousand with contractors undertaking outsourced works and the amounts of $2,394,300 thousand were paid as of December 31, 2020.

31. Supplementary Disclosures

Relevant Information on a. significant transactions and b. investing in business:

1) Financing provided to others. (Not applicable)

2) Endorsements/guarantees provided. (Table 1)

3) Marketable securities held at the end of the period. (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) Information on investees. (Table 5)

c. Information on investments in mainland China

1) Information on any investee company 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 amount 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 6)

32. Segment Information

Founding Construction Development Corp. has disclosed the financial information of segments in the consolidated financial statements for the year ended December 31, 2019.

Founding Construction Development Corp.

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: 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 shall be 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 amounted to $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 amounted to $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".

TABLE 2

Founding Construction Development Corp.

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	End of Period				Remarks
				Shares (unit)	Carrying Value	Percentage of ownership (%)	Market Value, Net	
The Company	Beneficiary certificates							
	Mega Global Fund	None	Financial assets measured at fair value through profit or loss - current	73,733.33	$ 2,856	-	$ 2,856	
	Stock							
	GREATFORCE BIOCHEM TECH CO., LTD.	None	Financial assets measured 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.	None	Financial assets measured 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.	None	〃	-	4,104	19	6,123	〃
	GREATFORCE BIOCHEM TECH CO., LTD.	None	〃	500,000	-	1.84	-	〃
					$ 10,032		$ 9,065	

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 Term	Unit Price	Payment Term	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%	

Founding Construction Development Corp.

INVESTEE COMPANY'S TOTAL TRADE RECEIVABLES OF 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	$ -

TABLE 5

Founding Construction Development Corp.

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 building works 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 IFRS16 amounted to $1 thousand.

TABLE 6

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%
Sytain 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: The major shareholders in this table are shareholders holding 5% or greater of the ordinary and preference shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. 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 information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.